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# **GULF MANGANESE CORPORATION LIMITED**

**ACN 059 954 317**

## **NOTICE OF GENERAL MEETING**

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**TIME:** 10:00am

**DATE:** 13 September 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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## CONTENTS

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Business of the Meeting (setting out the proposed Resolutions)	3
Explanatory Statement (explaining the proposed Resolutions)	9
Glossary	19
Schedule 1 – Summary of Incentive Plan	21
Schedule 2 – Summary of Terms and Conditions of Incentive Options	25
Schedule 3 – Valuation of Incentive Options	27
Proxy Form	28

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## IMPORTANT INFORMATION

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### Time and place of Meeting

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Notice is given that the Meeting will be held at 10:00am (WST) on 13 September 2019 at:

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

### Your vote is important

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

### Voting eligibility

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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 11 September 2019.

### Voting in person

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

### Voting by proxy

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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.

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## BUSINESS OF THE MEETING

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### Agenda

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#### 1. RESOLUTIONS 1(A) TO 1(D) – RATIFICATION OF PREVIOUS SECURITIES ISSUE – LISTING RULE 7.1

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

*"That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the issue of:*

- (a) 34,321,500 Shares to employees of the Company under the Company's short-term incentive plan;*
- (b) 20,000,000 Shares to consultants to the Company;*
- (c) 46,406,600 Shares to a contractor to the Company; and*
- (d) 388,027,747 Shares to subscribers under placements,*

*in the Company to the parties, for the purposes and on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting."*

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#### 2. RESOLUTIONS 2(A) AND 2(B) – RATIFICATION OF PREVIOUS SECURITIES ISSUE – LISTING RULE 7.1A

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

*"That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the issue of:*

- (a) 107,500,000 Shares to Acuity; and*
- (b) 259,168,253 Shares to subscribers under placements,*

*in the Company to the parties, for the purposes and on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting."*

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#### 3. RESOLUTION 3 – APPROVAL OF INCENTIVE PLAN

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

*"That, for the purpose of Listing Rule 7.2 (Exception 9), sections 195(4), 200B and 200E of the Corporations Act and for all other purposes, approval is given to adopt an employee incentive scheme, being the Company's Incentive Plan, and to the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement."*

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**4. RESOLUTION 4 – APPROVAL TO ISSUE SECURITIES TO DIRECTOR – MR HAMISH BOHANNAN**

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

*“That, subject to Shareholders approving Resolution 3, for the purposes of sections 195(4), 200B, 200E and 208 of the Corporations Act, ASX Listing Rules 10.14 and 10.19 and for all other purposes, approval is given for the Company to issue 150,000,000 Incentive Options to Mr Hamish Bohannan, a director of the Company (or his nominee), under the Company's Incentive Plan on the terms and conditions set out in the Explanatory Statement.”*

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**5. RESOLUTION 5 – APPROVAL TO ISSUE SECURITIES TO DIRECTOR – MR CRAIG MUNRO**

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

*“That, subject to Shareholders approving Resolution 3, for the purposes of sections 195(4), 200B, 200E and 208 of the Corporations Act, ASX Listing Rules 10.14 and 10.19 and for all other purposes, approval is given for the Company to issue 150,000,000 Incentive Options to Mr Craig Munro, a director of the Company (or his nominee), under the Company's Incentive Plan on the terms and conditions set out in the Explanatory Statement.”*

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**6. RESOLUTION 6 – APPROVAL TO ISSUE SECURITIES TO DIRECTOR – MR ANDREW WILSON**

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

*“That, subject to Shareholders approving Resolution 3, for the purposes of sections 195(4), 200B, 200E and 208 of the Corporations Act, ASX Listing Rules 10.14 and 10.19 and for all other purposes, approval is given for the Company to issue 150,000,000 Incentive Options to Mr Andrew Wilson, a director of the Company (or his nominee), under the Company's Incentive Plan on the terms and conditions set out in the Explanatory Statement.”*

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**7. RESOLUTION 7 – APPROVAL TO ISSUE SECURITIES TO DIRECTOR – MR TAN HWA POH**

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

*"That, subject to Shareholders approving Resolution 3, for the purposes of sections 195(4), 200B, 200E and 208 of the Corporations Act, ASX Listing Rules 10.14 and 10.19 and for all other purposes, approval is given for the Company to issue 150,000,000 Incentive Options to Mr Tan Hwa Poh, a director of the Company (or his nominee), under the Company's Incentive Plan on the terms and conditions set out in the Explanatory Statement."*

**Dated 12 August 2019**

**By order of the Board**

A handwritten signature in blue ink, appearing to read 'IEGregory', with a large, stylized loop at the bottom.

**Ian Gregory**  
**Company Secretary**

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## VOTING EXCLUSIONS

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### Resolutions 1 and 2

The Company will disregard any votes cast in favour of each of the Resolutions contained in Resolutions 1(a) to (d) and 2(a) and (b) by or on behalf of any person who participated in the issue or any Associate of those persons. However, the Company will not disregard any votes cast on the Resolutions contained in Resolutions 1(a) to (d) and 2(a) and (b) by such person 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 3

The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) or any Associate of those persons. However, the Company will not disregard any votes cast on Resolution 3 by such person 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.

A person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 3 if:

- a) the proxy is either:
  - (i) a member of the Key Management Personnel of the Company; or
  - (ii) a Closely Related Party of a member of the Key Management Personnel; and
- b) the appointment does not specify the way the proxy is to vote on this Resolution 3.

However, the above prohibition does not apply if:

- a) the Proxy Form specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- b) the person is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though Resolution 3 is connected with the remuneration of the Key Management Personnel of the Company.

### Resolution 4

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of any Director of the Company (who is eligible to participate in the Company's Incentive Plan) or by an officer of the Company or any of its child entities who is entitled to participate in a termination benefit, or any Associate of those persons (**Resolution 4 Excluded Party**). However, the Company will not disregard any votes cast on Resolution 4 by such person 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) provided the Chair is not a Resolution 4 Excluded Party, 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.

A person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 4 if:

- a) the proxy is either:
  - (i) a member of the Key Management Personnel of the Company; or
  - (ii) a Closely Related Party of a member of the Key Management Personnel; and
- b) the appointment does not specify the way the proxy is to vote on this Resolution 4.

However, provided that the Chair is not a Resolution 4 Excluded Party, the above prohibition does not apply if:

- a) the Proxy Form specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- b) the person is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though Resolution 4 is connected with the remuneration of the Key Management Personnel of the Company.

## Resolution 5

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of any Director of the Company (who is eligible to participate in the Company's Incentive Plan) or by an officer of the Company or any of its child entities who is entitled to participate in a termination benefit, or any Associate of those persons (**Resolution 5 Excluded Party**). However, the Company will not disregard any votes cast on Resolution 5 by such person 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) provided the Chair is not a Resolution 5 Excluded Party, 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.

A person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 5 if:

- a) the proxy is either:
  - (i) a member of the Key Management Personnel of the Company; or
  - (ii) a Closely Related Party of a member of the Key Management Personnel; and
- b) the appointment does not specify the way the proxy is to vote on this Resolution 5.

However, provided that the Chair is not a Resolution 5 Excluded Party, the above prohibition does not apply if:

- a) the Proxy Form specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- b) the person is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though Resolution 5 is connected with the remuneration of the Key Management Personnel of the Company.

## Resolution 6

The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of any Director of the Company (who is eligible to participate in the Company's Incentive Plan) or by an officer of the Company or any of its child entities who is entitled to participate in a termination benefit, or any Associate of those persons (**Resolution 6 Excluded Party**). However, the Company will not disregard any votes cast on Resolution 6 by such person 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) provided the Chair is not a Resolution 6 Excluded Party, 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.

A person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 6 if:

- a) the proxy is either:
  - (i) a member of the Key Management Personnel of the Company; or
  - (ii) a Closely Related Party of a member of the Key Management Personnel; and
- b) the appointment does not specify the way the proxy is to vote on this Resolution 6.

However, provided that the Chair is not a Resolution 6 Excluded Party, the above prohibition does not apply if:

- a) the Proxy Form specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- b) the person is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though Resolution 6 is connected with the remuneration of the Key Management Personnel of the Company.

## Resolution 7

The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of any Director of the Company (who is eligible to participate in the Company's Incentive Plan) or by an officer of the Company or any of its child entities who is entitled to participate in a termination benefit, or any Associate of those persons (**Resolution 7 Excluded Party**). However, the Company will not disregard any votes cast on Resolution 7 by such person 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) provided the Chair is not a Resolution 7 Excluded Party, 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.

A person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 7 if:

- a) the proxy is either:
  - (i) a member of the Key Management Personnel of the Company; or
  - (ii) a Closely Related Party of a member of the Key Management Personnel; and
- b) the appointment does not specify the way the proxy is to vote on this Resolution 7.

However, provided that the Chair is not a Resolution 7 Excluded Party, the above prohibition does not apply if:

- a) the Proxy Form specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- b) the person is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though Resolution 7 is connected with the remuneration of the Key Management Personnel of the Company.



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## EXPLANATORY STATEMENT

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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.

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### 1. RESOLUTIONS 1(A) TO (D) AND 2(A) AND (B) – RATIFICATION OF PREVIOUS SECURITIES

#### 1.1 General

In March 2019, the Company issued:

- (a) 34,321,500 Shares to employees of the Company pursuant to the Company's short-term incentive plan (**STI Shares**);
- (b) 20,000,000 Shares (in aggregate) to consultants to the Company, being Aetas Global Markets Limited (15,000,000 Shares issued) and MSI Global Business Solutions Pty Ltd (5,000,000 Shares issued), as payment for services rendered (**Consultant Shares**);
- (c) 46,406,600 Shares to XRAM Technologies (Pty) Ltd, a contractor as payment for services rendered (**Contractor Shares**); and
- (d) 62,500,000 Shares to Acuity in accordance with the Controlled Placement Agreement with Acuity as announced on 31 January 2018 (**Controlled Placement Agreement**),

(the **March Placements**).

On 17 May 2019, the Company announced that it had received commitments to issue 650,000,000 Shares at an issue price of \$0.005 in consideration for a raise totalling \$3,250,000 and had agreed to issue 45,000,000 Shares at an issue price of \$0.007 per Share with Acuity in consideration for a raise totalling \$315,000 (the **May Placements**).

The May Placement to Acuity was made in accordance with the Controlled Placement Agreement.

On 27 May and 5 June 2019, the Company issued an aggregate of 692,196,000 Shares under the May Placements.

The Shares under the Placements were issued without Shareholder approval under the Company's existing placement capacity pursuant to Listing Rules 7.1 and 7.1A.

The Company issued 488,755,847 Shares to sophisticated and professional investors, including the Company employees, consultant and contractor, within the Company's placement capacity.

The Company issued 366,668,253 Shares to sophisticated and professional investors, including Acuity, within the Company's additional 10% placement capacity.

#### 1.2 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 1(a) to (d) and 2(a) and (b), the Company seeks from Shareholders approval for, and ratification of, in aggregate, the issue of 855,424,100 Shares to the subscribers, comprising the following:

- (e) Resolutions 1 (a) to (d): 488,755,847 Shares under Listing Rule 7.1; and
- (f) Resolutions 2(a) and (b): 366,668,253 Shares under Listing Rule 7.1A.

The Shares issued, for which approval and ratification is sought under Resolutions 1(a) to (d) and 2(a) and (b), comprise 16.56% of the Company's fully diluted issued capital (based on the number of Shares, Options and performance rights 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:

**Resolutions 1(a) to (d)**

- (a) Under Resolutions 1(a) to (d), the Company seeks from Shareholders approval for, and ratification of, the issue of 488,755,847 Shares.
- (b) The Shares were issued under the Placements for the following issue prices:
  - (i) the STI Shares the subject of Resolution 1(a) were issued for nil consideration;
  - (ii) 15,000,000 of the Consultant Shares the subject of Resolution 1(b) were issued at a deemed issue price of \$0.01;
  - (iii) 5,000,000 of the Consultant Shares the subject of Resolution 1(b) were issued at a deemed issue price of \$0.007;
  - (iv) the Contractor Shares the subject of Resolution 1(c) were issued at a deemed issue price of \$0.0079; and
  - (v) the May Placements Shares the subject of Resolution 1(d) under Listing Rule 7.1 were issued at an issue price of \$0.005.
- (c) The Shares the subject of Resolutions 1(a) to (d) 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 the subject of Resolutions 1(a) to (d) were issued to sophisticated and professional investors determined by the Board. With regards to the May Placements Shares under Resolution 1(d), the Board was assisted in its determination by Triple C Consulting stockbrokers. None of the subscribers under Resolutions 1(a) to (d) are related parties of the Company.
- (e) Funds received from the issue of the 488,755,847 Shares will be used to finalise the start-up of Direct Shipping Ore ("DSO") operations, advance the development of the Kupang Smelting Hub Facility and for general working capital purposes.
- (f) A voting exclusion statement for each of Resolutions 1(a) to (d) is included in the Notice of General Meeting preceding this Explanatory Statement.

## Resolutions 2(a) and (b)

- (a) Under Resolutions 2(a) and (b), the Company seeks from Shareholders approval for, and ratification of, the issue of 107,500,000 Shares to Acuity (**Acuity Shares**) and 259,168,253 to sophisticated and professional investors, respectively.
- (b) The Shares issued to Acuity, the subject of Resolution 2(a), were issued in two separate placements. The March Placement of Acuity Shares (62,500,000 Shares) were issued for \$0.008 per Share and the May Placement of Acuity Shares (45,000,000 Shares) were issued for \$0.007 per Share. The May Placements Shares under Listing Rules 7.1A, the subject of Resolution 2(b), were issued to sophisticated and professional investors as determined by the Board with assistance from Triple C Consulting stockbrokers were issued for \$0.005 per Share.
- (c) The Shares the subject of Resolutions 2(a) and (b) were issued on the same terms as the existing issued Shares in the Company. Application has been made for their quotation on ASX.
- (d) Acuity and the sophisticated and professional investors (to whom the 259,168,253 Shares were issued) are not related parties of the Company.
- (e) Funds received from the issue of the 366,668,253 Shares will be used to finalise the start-up of DSO operations, advance the development of the Kupang Smelting Hub Facility and for general working capital purposes.
- (f) A voting exclusion statement for each of Resolutions 2 (a) and (b) is included in the Notice of General Meeting preceding this Explanatory Statement.

### 1.3 Directors' recommendation

The Board recommends that Shareholders vote in favour of each of Resolutions 1(a) to (d) and 2(a) and (b). The Chairman of the meeting intends to vote undirected proxies in favour of these Resolutions.

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## 2. RESOLUTION 3 – APPROVAL OF INCENTIVE PLAN

### 2.1 Background

Resolution 3 seeks Shareholder approval for the adoption of an employee incentive scheme titled "Incentive Awards Plan" (**Incentive Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 3 is passed, the Company will be able to issue Options and Performance Rights (together, **Awards**) under the Incentive Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12-month period.

Shareholders should note that no Awards have previously been issued under the Incentive Plan.

The objective of the Incentive Plan is to attract, motivate and retain key employees, officers and contractors and it is considered by the Company that the adoption of

the Incentive Plan and the future issue of Awards under the Incentive Plan will provide selected employees, officers and contractors with the opportunity to participate in the future growth of the Company.

Any future issue of Awards under the Incentive Plan to a related party or a person whose relationship with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

For this reason, the Company is also seeking approval under Resolutions 4 to 7 for the issue of Awards to certain Directors pursuant to the Incentive Plan. These Resolutions are conditional on the Incentive Plan being approved by Shareholders under Resolution 3.

A summary of the key terms and conditions of the Incentive Plan is set out in Schedule 1. In addition, a copy of the Incentive Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Incentive Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

## **2.2 Regulatory Requirements – Corporations Act**

The Corporations Act restricts the benefits that can be given to persons who hold a "managerial or executive office" (as defined in the Corporations Act) on leaving their employment with the Company or any of its related bodies corporate.

Under Section 200B of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a managerial or executive office if the benefit is approved by shareholders or an exemption applies.

The term "benefit" has a wide meaning and may include benefits resulting from the Board exercising certain discretions under the rules of the Incentive Plan.

If Shareholder approval is given under this Resolution, the Company will still be required to comply with Listing Rules 10.18 and 10.19, which place restrictions on the circumstances in which termination benefits can be paid and a cap on the value of termination benefits that can be paid to officers of the Company.

### **Details of Termination Benefit**

In general, the Awards made to eligible participants differentiate between 'good leaver' and 'bad leaver' scenarios. 'Good leavers' are typically those who cease due to death or disability, retirement, redundancy, severe financial hardship or other appropriate circumstances at the Board's discretion (which could include circumstances of termination due to expiry of a fixed term contract or termination by mutual agreement). Termination for cause and resignation would typically be 'bad leaver' scenarios.

The Board possesses the discretion, where a participant ceases employment before the vesting or exercise of their Awards, to determine that some or all of the Awards do not lapse and, in the case of performance based Awards, to allow for some or all of the Awards to remain on foot and be eligible for vesting in the ordinary course or to vest by waiving the relevant performance based vesting conditions.

Eligible participants who cease employment as 'bad leavers' will generally forfeit all unvested Awards on cessation of employment.

The exercise of this discretion may constitute a "benefit" for the purposes of section 200B of the Corporations Act.

In addition, a participant may become entitled to accelerated vesting or automatic vesting of Awards if there is a Change of Control of the Company. This accelerated or

automatic vesting of Awards may constitute a "benefit" for the purposes of section 200B of the Corporations Act.

The Company is therefore seeking Shareholder approval for the exercise of the Board's discretions and for the provision of such accelerated or automatic vesting rights in respect of any current or future participant in the Incentive Plan who holds:

- (a) a managerial or executive office in the Company (or any of its related body corporate) at the time of their leaving or at any time in the three years prior to their leaving; and
- (b) Awards under the Incentive Plan at the time of their leaving.

The Board's current intention is to only exercise the above discretion:

- (a) where the employee leaves employment without fault on their part; and
- (b) so as only to preserve that number of unvested Awards as are pro-rated to the date of leaving.

Provided Shareholder approval is given, the value of these benefits may be disregarded when applying Section 200F(2)(b) or Section 200G(1)(c) of the Corporations Act (i.e. the approved benefit will not count towards the statutory cap under the legislation).

#### **Value of the Termination Benefits**

The value of the termination benefits that the Board may give under the Incentive Plan cannot be determined in advance. This is because various matters will or are likely to affect that value. In particular, the value of a particular benefit will depend on factors such as the Company's Share price at the time of vesting and the number of Awards that vest.

The following additional factors may also affect the benefit's value:

- (a) the participant's length of service and the portion of vesting periods at the time they cease employment;
- (b) the status of the performance hurdles attaching to the Awards at the time the participant's employment ceases; and
- (c) the number of unvested Awards that the participant holds at the time they cease employment or at the time the Change of Control occurs (as applicable).

### **2.3 Board Recommendation**

Section 195(4) of the Corporations Act 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.

Each of the Directors has an interest in the outcome of Resolution 3 and has accordingly exercised their right under section 195(4) of the Corporations act to put the issue to Shareholders to determine. The Board does not make a voting recommendation to Shareholders.

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### 3. RESOLUTIONS 4 TO 7 – APPROVAL TO ISSUE SECURITIES TO DIRECTORS

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 600,000,000 Options under the Company's Incentive Plan (**Incentive Options**) to Directors Hamish Bohannan, Craig Munro, Andrew Wilson and Tan Hwa Poh (**Related Parties**) as set out below.

Resolutions 4 to 7, which seek this Shareholder approval, are conditional on the Incentive Plan being approved by Shareholders under Resolution 3.

#### 3.1 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Incentive Options constitutes giving a financial benefit. Hamish Bohannan, Craig Munro, Andrew Wilson and Tan Hwa Poh are related parties of the Company by virtue of being Directors of the Company.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act may, but do not necessarily, apply in the current circumstances. Accordingly, out of prudence, Shareholder approval is sought for the issue of Incentive Options to the relevant Related Parties or their nominees for the purposes of section 208 of the Corporations Act.

#### 3.2 ASX Listing Rule 10.14

In addition, ASX Listing Rule 10.14 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained (**LR 10.14 Person**), unless an exception applies.

It is the view of the Company that the exceptions set out in Listing Rule 10.15B do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Incentive Options to the relevant Related Parties or their nominees for the purposes of ASX Listing Rule 10.14.

#### 3.3 Section 195(4) of the Corporations Act

Each of the Directors has a material personal interest in the outcome of Resolutions 4 to 7 (as applicable to each Director) in this Notice of Meeting by virtue of the fact that Resolutions 4 to 7 are concerned with the issue of Incentive Options to 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.

### **3.4 Sections 200B and 200E of the Corporations Act**

As noted in section 2.2 of this Notice, the Incentive Plan gives the Board discretion to determine, where a participant ceases employment in certain circumstances or a Change of Control occurs before the vesting or exercise of their Awards, that some or all of the Awards do not lapse.

In accordance with the terms set out in Schedule 2, the Incentive Options to be issued under Resolutions 4 to 7 will automatically vest on the respective Director's Retirement or where a Change of Control occurs.

Shareholder approval is sought for the Directors to be given any such benefit in connection with his retirement from office or employment with the Company if that occurs within 3 years of the date of this Meeting.

If Shareholder approval is given under Resolutions 4 to 7, the Company will still be required to comply with Listing Rules 10.18 and 10.19, which place restrictions on the circumstances in which termination benefits can be paid and a cap on the value of termination benefits that can be paid to officers of the Company.

The value of the benefit will depend on the number of Incentive Options that may vest and the market value of the Shares at the time of automatic vesting.

### **3.5 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.15)**

In accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to the proposed issue of Incentive Options:

- (a) the related parties are Hamish Bohannan, Craig Munro, Andrew Wilson and Tan Hwa Poh and they are each related parties by virtue of being Directors. If any Incentive Options are to be issued to a nominee of a Related Party, such nominee will be a related party by virtue of being an entity controlled by that Related Party;
- (b) the maximum number of Incentive Options (being the nature of the financial benefit being provided) to be issued to each of the Related Parties is:
  - (i) 150,000,000 Incentive Options to Hamish Bohannan or nominee;
  - (ii) 150,000,000 Incentive Options to Craig Munro or nominee;
  - (iii) 150,000,000 Incentive Options to Andrew Wilson or nominee; and
  - (iv) 150,000,000 Incentive Options to Tan Hwa Poh or nominee;
- (c) the Incentive Options will be issued for nil cash consideration, accordingly no funds will be raised by their issue;
- (d) no Incentive Options have been issued pursuant to the Incentive Plan to LR 10.14 Persons nor has the Incentive Plan previously been approved by Shareholders;

- (e) the Directors, currently comprising Hamish Bohannan, Craig Munro, Andrew Wilson and Tan Hwa Poh, are entitled to participate in the Incentive Plan;
- (f) no loan will be provided to the Related Parties with respect to the Incentive Options;
- (g) the Incentive Options are to be issued to the Related Parties no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated all Incentive Options will be issued on one date;
- (h) the terms and conditions of the Incentive Options, including their exercise price, expiry date and vesting conditions, are set out in Schedule 2;
- (i) the value of the Incentive Options is \$0.0069 per Incentive Option and the valuation methodology is set out in Schedule 3;
- (j) the relevant interests of the Related Parties in securities of the Company (as at the date of this Notice) are set out below:

Related Party	Shares	Options	Performance Rights
Craig Munro	32,916,666	10,000,000 <sup>1</sup>	13,666,667
Hamish Bohannan	60,923,683	30,000,000 <sup>2</sup>	39,583,500
Andrew Wilson	30,683,333	10,000,000 <sup>3</sup>	9,700,000
Tan Hwa Poh	152,083,333	Nil	Nil

**Notes:**

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

- (k) the remuneration and emoluments from the Company to each of the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Previous Financial Year ended 30 June 2019	Current Financial Year ending 30 June 2020 (estimate)
Craig Munro	\$150,000	\$150,000
Hamish Bohannan	\$350,000	\$350,000
Andrew Wilson	\$85,000	\$85,000
Tan Hwa Poh	\$85,000	\$85,000

- (l) if all Incentive Options issued to the Related Parties are exercised, a total of 600,000,000 Shares would be issued. This will increase the number of Shares on issue from 4,937,756,998 to 5,537,756,998 (assuming that no other Shares are



issued in the meantime), with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 10.8%, comprising 2.71% by Hamish Bohannan, 2.71% by Craig Munro, 2.71% by Andrew Wilson and 2.71% by Tan Hwa Poh;

- (m) some details of the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.022	27 August 2018
Lowest	\$0.005	11 July 2019
Last	\$0.007	9 August 2019

- (n) the Board acknowledges the issue of Incentive Options to those Related Parties who are non-executive Directors is contrary to Recommendation 8.2 of The Corporate Governance Principles and Recommendations (3rd Edition) as published by The ASX Corporate Governance Council. However, the Board considers the issue of Incentive Options to non-executive Directors reasonable in the circumstances having regard to the size and level of operations of the Company, its cash reserves and importance to the Company of attracting and retaining non-executive Directors in a manner which does not unduly impact on the Company's cash resources;
- (o) a primary purpose of the issue of the Incentive Options to the Related Parties is to provide a performance linked incentive component in the overall remuneration package for each Related Parties to motivate and reward the performance of the Related Party in their respective roles as Directors and to assist the Company in retaining their services and expertise in a manner which does not unduly impact on the cash reserves of the Company;
- (p) except as specified above, no other Director has a personal interest or other interest in the outcome of Resolutions 4 to 7;
- (q) each of the Directors have a material personal interest in the outcome of Resolutions 4 to 7 and accordingly do not make a voting recommendation to Shareholders; and
- (r) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 4 to 7.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Incentive Options to the Related Parties or their nominees as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Incentive Options to the Related Parties or their nominees will not be included in the 15% calculation of the Company's 12-month capacity to issue Shares or other securities without shareholder approval pursuant to ASX Listing Rule 7.1

### 3.6 Listing Rule 10.19

Listing Rule 10.19 provides that without the approval of shareholders, an entity must ensure that no officer of the entity or any of its child entities will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that

may become payable to all officers together exceed 5% of the equity interests of the entity as set out in the latest accounts given to ASX under the Listing Rules.

The Company is also seeking Shareholder approval for the purposes of Listing Rule 10.19. As noted in section 2.2 of this Notice, in certain circumstances, including where the Incentive Option holder's appointment is terminated, the Board has the discretion to waive vesting conditions attached to the Incentive Options issued under the Incentive Plan in accordance with the rules of the Incentive Plan.

The value of the termination benefit payable to the Directors under Resolutions 4 to 7 depend on several factors, including:

- (a) the circumstances in which the Director(s) ceases employment and the extent to which they served the applicable notice period;
- (b) the Director's base salary at the time the Incentive Options were issued and the time the Director ceased employment;
- (c) the Director's length of service and the portion of performance achieved that has occurred at the time they cease employment;
- (d) the number of unvested Incentive Options that the Director holds at the time they cease employment and the number of Incentive Options the Board determines to vest, lapse or leave on foot;
- (e) the market value of Shares when the value of any equity-based termination entitlements is determined, and the terms of those entitlements (including performance conditions); and
- (f) any other factors the Board considers relevant when exercising its discretion, including where appropriate its assessment of the performance of the Director up to the date of cessation.

Accordingly, it is possible that the provision of the benefit associated with the vesting of Incentive Options may exceed 5% of the equity interests of the Company at the relevant time.

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## GLOSSARY

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**\$** means Australian dollars.

**Acuity** means Acuity Capital Pty Ltd.

**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.

**Awards** means Options or Performance Rights, as the context requires, issued under the Incentive Plan.

**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.

**Change of Control** means:

- (a) a bona fide takeover bid is declared unconditional and the bidder has acquired a relevant interest in at least 50.1% of the Company's issued Shares;
- (b) a court approves, under Section 411(4)(b) of the Corporations Act, a proposed compromise or arrangement (other than a compromise or arrangement with the Company's creditors) for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
- (c) 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.

**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 schedules accompanying the Notice.

**Incentive Options** has the meaning given to that term in section 3 of the Notice.

**Incentive Plan** has the meaning given to that term in section 2.1 of 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.

**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 right to be issued or transferred a Share.

**Placements** means the March Placements and the May Placements.

**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.

**Retirement** has the meaning given in the Incentive Plan.

**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.

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## SCHEDULE 1 – SUMMARY OF THE INCENTIVE PLAN

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Terms used in this summary that are not defined in the Notice have the meaning given to those terms in the Incentive Plan.

### 1. Eligibility

The Board may, from time to time, in its absolute discretion, make a written invitation to any Eligible Participant to apply for Options or Performance Rights (together, **Awards**), upon the terms set out in the Incentive Plan and upon such additional terms and conditions as the Board determines.

### 2. Offer and Application Form

An invitation to apply for the issue of Awards under the Incentive Plan must be made by way of an offer document (**Offer Document**). At a minimum, the Offer Document must include the following information:

- (a) the maximum number of Awards that the Eligible Participant may apply for, or the formula for determining the number of Awards that may be applied for;
- (a) the maximum number of Shares that the Participant is entitled to be issued on the exercise of each Award or the formula for determining the maximum number of Shares;
- (b) the Option exercise price (**Exercise Price**) of any Options or the formula for determining the Option Exercise Price;
- (c) any applicable vesting conditions as determined by the Board in its discretion;
- (d) any restriction period the Board has resolved to apply to Shares issued on exercise of the Awards;
- (e) when Awards will expire (**Expiry Date**);
- (f) the date by which an Offer Document must be accepted (**Closing Date**);
- (g) any other terms and conditions applicable to the Awards; and
- (h) any other information required by law or the Corporations Act, the Class Order or the ASX Listing Rules or the considered by the Board to be relevant to the Awards or the Shares to be issued on the exercise of the Awards.

An Eligible Participant (or permitted Nominee) may apply for the Incentive Options or Performance Rights in whole or in part, by signing and returning an Application Form to the Company no later than the Closing Date. The Board may accept or reject any Application Form in its absolute discretion.

Where the Company needs to rely on the Class Order in respect of an Offer, the Company must have reasonable grounds to believe, when making an Offer, that the number of Shares to be received on exercise of Awards offered under an Offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or under an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the Offer.

### 3. Terms of the Awards

- (a) An Award is non-transferable other than in special circumstances with the consent of the Board (which may be withheld in its discretion).
- (b) Unless quoted on the ASX, each Award will be issued to an Eligible Participant under the Incentive Plan for no more than nominal consideration.
- (c) Each Award will entitle its holder to subscribe for and be issued, one fully paid ordinary share in the capital of the Company (upon vesting and exercise of that Award) unless the Plan or an applicable Offer otherwise provides.
- (d) Awards will not be listed for quotation on the ASX, unless the Offer provides otherwise. The Company will apply for official quotation of the Shares issued upon the exercise of any vested Awards.
- (e) A participant is not entitled to participate in or receive any dividend or other Shareholder benefits until its Awards have vested and been exercised and Shares have been allocated to the participant as a result of the exercise of those Awards.
- (f) There are no participating rights or entitlements inherent in the Awards and participants will not be entitled to participate in new issues of securities offered to Shareholders of the Company during the currency of Awards without exercising the Options or Performance Rights, except to the extent an Offer otherwise provides where permitted by the ASX Listing Rules.
- (g) Subdivision 83A-C of the *Income Tax Assessment Act 1997* applies to the Awards except to the extent an Offer provides otherwise.
- (h) There is no right to a change in the exercise price or in number of underlying Shares over which an Award can be exercised, except to the extent an Offer otherwise provides where permitted by the ASX Listing Rules.
- (i) In the event of a reorganisation of the capital of the Company, the Company may alter the rights of the holder of an Award to the extent necessary to comply with the ASX listing rules applying to reorganisations at the time of the reorganisation.
- (j) Following the issue of Shares following exercise of vested Awards, Participants will be entitled to exercise all rights of a Shareholder attaching to the Shares, subject to any disposal restrictions advised to the Participant.

### 4. Vesting and Exercise of Awards

- (a) **Vesting Conditions:** Subject to clause 4(b) below, an Award issued under the Plan will not vest and be exercisable unless the vesting conditions (if any) attaching to that Award have been satisfied and the Board has notified the Eligible Participant of that fact within 10 Business Days of becoming aware that any vesting condition has been satisfied.
- (b) **Vesting Condition Waiver:** Notwithstanding clause 4(a) above, the Board may, in its absolute discretion, by written notice to an Eligible Participant, resolve to waive any of the vesting conditions applying to an Award. For clarity, the Board may in its discretion waive or reduce any vesting conditions after the time specified for satisfaction of those vesting conditions has passed.

- (c) **Exercise on Vesting:** A Participant (or their personal legal representative where applicable) may, subject to the terms of any Offer, exercise any vested Award at any time after the Board notifies that the Award Right has vested and before it lapses.
- (d) **Cashless Exercise Facility:**
- (i) In respect of Options, the Board may, in its discretion, permit a Participant to exercise some or all of their Options by using the Cashless Exercise Facility. The Cashless Exercise Facility entitles a Participant to set-off the Option Exercise Price against the number of Shares which the Participant is entitled to receive upon exercise of the Participant's Options. By using the Cashless Exercise Facility, the Participant will receive Shares to the value of the surplus after the Option Exercise Price has been set-off.
  - (ii) If a Participant elects to use the Cashless Exercise Facility, and its use is approved by the Board, the Participant will be issued or transferred that number of Shares (rounded up to the nearest whole number) equal to:
    - (A) the aggregate total Market Value (as determined on the date the Options the subject of the Cashless Exercise Facility are exercised) of Shares that would otherwise be issued on exercise of the Options had all such Options been exercised for a cash Option Exercise Price;
    - (B) less the aggregate total Option Exercise Price otherwise payable in respect of the vested Options exercised; and
    - (C) divided by the Market Value of a Share as determined on the date the Options the subject of the Cashless Exercise Facility are exercised.
  - (iii) If the Option Exercise Price otherwise payable in respect of the Options being exercised is the same or higher than the Market Value of Shares at the time of exercise, then a Participant will not be entitled to use the Cashless Exercise Facility.
- (e) **Cash Payment:** Subject to the Corporations Act, the ASX Listing Rules, the Plan and the terms of any Offer, where an Offer so provides, when all Vesting Conditions in respect of an Award have been satisfied or waived, the Board may, in its discretion, within 10 Business Days of receipt of a valid notice of exercise for vested Award, in lieu of issuing or transferring a Share to the Participant on exercise of the Award, pay the Participant or his or her personal representative (as the case may be) a cash payment for the Award exercised equal to the Market Value of a Share up to and including the date the Award was exercised, less, in respect of an Option, any Option Exercise Price. A vested Award automatically lapses upon payment of a Cash Payment in respect of the vested Award.
- (f) **Lapsing of Awards:** Except as otherwise provided for by an Offer for an Award, an Award will lapse upon the earlier of:
- (i) the Board, in its discretion, resolving an Award lapses as a result of an unauthorised disposal of, or hedging of, the Award;

- (ii) a vesting condition not being satisfied or becoming incapable of satisfaction (and not being waived by the Board in its discretion);
- (iii) in respect of an unvested Award, the holder ceases to be an Eligible Participant and the Board does not exercise its discretion to vest the Award or allow it to remain unvested;
- (iv) in respect of a vested Award, a holder ceases to be an Eligible Participant and the Board, in its discretion, resolves that the Award must be exercised within one (1) month (or such later date as the Board determines) of the date the Relevant Person ceases to be an Eligible Participant, and the Award is not exercised within that period and the Board resolves, at its discretion, that the Award lapses as a result;
- (v) the Board deems that an Award lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant under the rules of the Incentive Plan;
- (vi) in respect of an unvested Award, a winding up resolution or order is made, and the Award does not vest in accordance with rules of the Incentive Plan; and
- (vii) the Expiry Date of the Award.

## 5. Restrictions

- (a) The Board may, in its discretion, determine at any time up until exercise of an Award, that a restriction period will apply to some or all of the Shares issued or transferred to a Participant on exercise of the Award (**Restricted Shares**), up to a maximum of fifteen (15) years from the Acquisition Date of the Award (**Restriction Period**).
- (b) The Board may, in its sole discretion, having regard to the circumstances at the time, waive a Restriction Period (other than where imposed by the ASX Listing Rules).
- (c) The Company may implement any procedure it considers appropriate to restrict a Participant from dealing with any Shares for as long as those Shares are subject to a Restriction Period.
- (d) Shares are deemed to be subject to a Restriction Period to the extent necessary to comply with any escrow restrictions imposed by the ASX Listing Rules.
- (e) The Participant agrees to execute a restriction agreement in relation to the Restricted Shares reflecting any Restriction Period applying to the Restricted Shares under the Plan or any escrow imposed by the ASX Listing Rules.
- (f) No issue or allocation of Awards and/or Shares will be made to the extent that it would contravene the Constitution, Listing Rules, the Corporations Act or any other applicable law.



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## SCHEDULE 2 – TERMS AND CONDITIONS OF INCENTIVE OPTIONS

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The Incentive Options are issued subject to the terms and conditions of the Incentive Plan, and the following additional terms and conditions:

(a) **Entitlement**

Subject to any adjustment in accordance with the Incentive Plan, each Incentive Option entitles the holder to subscribe for one Share upon exercise of the Incentive Option. Shares issued on exercise of Awards rank equally with the then issued shares of the Company. The entitlement to be issued an Incentive Option is conditional on Shareholder approval being obtained.

(b) **Expiry Date**

Each Incentive Option will expire at 5:00 pm (WST) on the date 3 years after Shareholder approval for the Incentive Options is obtained (**Expiry Date**). An Incentive Option not validly exercised by the Expiry Date will automatically lapse on the Expiry Date

(c) **Exercise Price**

Subject to any adjustment in accordance with the Incentive Plan, the amount payable upon exercise of each Incentive Option will be a 50 % premium to the closing price of the Company's Shares on the ASX on the date Shareholder approval for the Incentive Options is obtained (**Exercise Price**).

(d) **Vesting Conditions**

The Incentive Options are subject to the following vesting conditions:

- (i) one-third of the Incentive Options: completion of financing for the Company's first and second smelters in the Kupang manganese smelter hub (**First Smelters**);
- (ii) one-third of the Incentive Options: successful commissioning of the First Smelters;
- (iii) one-third of the Incentive Options: total aggregate sales of 5,000 tonnes of ferromanganese alloy from the First Smelters; and
- (iv) all of the Incentive Options: the average 30 consecutive day VWAP of the Company's Shares is equal to or greater than the Exercise Price. This vesting condition can only be satisfied once the relevant vesting condition for the Incentive Options (as detailed above) has been satisfied.

(e) **Automatic Vesting**

The vesting conditions for the Incentive Options are automatically waived in the event a Change of Control occurs or Retirement of the Relevant Person occurs in respect of the Incentive Options.

(f) **Participation Rights**

There are no participating rights or entitlements inherent in the Incentive Options and Incentive Option holders will not be entitled to participate in new issues of securities offered to Shareholders of the Company during the currency of the Incentive Options without exercising the Incentive Options.

- (i) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) after the date of issue of the Incentive Options, the exercise price of the Incentive Options will be reduced in accordance with the formula set out in the ASX Listing Rules.
- (ii) In the event of a bonus issue of Shares being made pro rata to Shareholders, (other than an issue in lieu of dividends), the number of Shares issued on exercise of each Incentive Option will include the number of bonus Shares that would have been issued if the Incentive Option had been exercised prior to the record date for the bonus issue. No adjustment will be made to the exercise price per Share of an Incentive Option.

(g) **Reorganisation**

If at any time the issued capital of the Company is reorganised, the rights of an Incentive Option holder are to be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

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### **SCHEDULE 3 – VALUATION OF INCENTIVE OPTIONS**

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The Incentive Options to be issued to the Related Parties pursuant to Resolutions 4 to 7 have been valued by using the Trinomial Barrier Option pricing model.

The Trinomial Barrier Option pricing model is considered acceptable as a pricing model due to the vesting conditions of the Incentive Options. In determining the dollar value of the Incentive Options, the following assumptions were made:

- (a) the market price of Shares is \$0.007 per Share;
- (b) the current risk-free interest rate is 0.89%;
- (c) price volatility of the Shares during the life of the Incentive Options is expected to be 117%;
- (d) the Incentive Options will be exercisable at \$0.0105 before they vest;
- (e) the remaining time to maturity is 3 years; and
- (f) the target Share price is \$0.0105 before the Incentive Options vest.

Based on the six key assumptions listed above, and advice received from Nexia Perth Corporate Finance Pty Ltd, the Board has calculated the valuation per Incentive Option as \$0.0069.

On this basis, the implied value being received by the Related Parties in relation to the Incentive Options are as follows:

Hamish Bohannan	\$1,035,000
Craig Munro	\$1,035,000
Andrew Wilson	\$1,035,000
Tan Hwa Poh	\$1,035,000

The valuation noted above is not necessarily the market price that the Incentive Options could be traded at and is not automatically the market price for taxation purposes.

**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 13 September 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 3 to 7 (except where I/we have indicated a different voting intention below) even though Resolutions 3 to 7 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair. However, where the Chair of the Meeting is the related party the subject of Resolutions 3 to 7, or is an associate of the related party, the Chair of the Meeting cannot cast undirected proxies in respect of that Resolution.

**Voting on business of the Meeting**

	FOR	AGAINST	ABSTAIN
Resolution 1(a) Ratification of Previous Securities Issue – Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 1(b) Ratification of Previous Securities Issue – Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 1(c) Ratification of Previous Securities Issue – Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 1(d) Ratification of Previous Securities Issue – Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2(a) Ratification of Previous Securities Issue –Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2(b) Ratification of Previous Securities Issue –Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval of Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval to Issue Securities to Director – Mr Hamish Bohannan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval to Issue Securities to Director – Mr Craig Munro	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Approval to Issue Securities to Director – Mr Andrew Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Approval to Issue Securities to Director – Mr 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 Tel (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:
  - (b) post to, T4, 152 Great Eastern Highway, Ascot WA 6104; or
  - (c) facsimile to the Company on facsimile number +61 8 9367 9229,
  - (d) by email to Robert Ierace on [info@gulfmanganese.com](mailto:info@gulfmanganese.com)

so that it is received not less than 48 hours prior to commencement of the Meeting (being 10:00am (WST) on 11 September 2019).

**Proxy Forms received later than this time will be invalid.**