

GULF MANGANESE CORPORATION LIMITED

ACN 059 954 317

PROSPECTUS

For the issue of:

- (a) up to 75,000,000 Shares at an issue price of 1.5 cents per Share together with up to 37,500,000 Options on the basis of one (1) Option for every two (2) Shares issued, to raise up to \$1,125,000 (**Placement**); and
- (b) up to 20,000,000 Shares at an issue price of 1.5 cents per Share together with up to 10,000,000 Options to contractors and suppliers of the Company in satisfaction of outstanding fees,

(together, the **Offer**).

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered or any other matter, then we recommend you should consult your stockbroker, accountant or other professional adviser.

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2. CORPORATE DIRECTORY

Directors

Dr Peter Williams (Exploration Director)

Paul O'Shaughnessy (Metallurgical Director)

Michael Walters (Marketing Director)

Chief Executive Officer

Hamish Bohannan

Company Secretary

Leonard Math

Share Registry

Automic Registry Services Pty Ltd
7 Ventnor Avenue
West Perth, WA 6005

Telephone: +61 8 9324 2099
Facsimile: +61 8 9321 2337

Auditor

Somes & Cooke
35 Outram Street
West Perth WA 6005

Registered Office

78 Mill Point Road
South Perth, WA 6151

Telephone: + 61 8 9367 9228
Facsimile: +61 8 9367 9229

Email: info@gulfmanganese.com
Website: www.gulfmanganese.com

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
Perth, WA 6000

3. IMPORTANT NOTES

This Prospectus is dated 20 November 2015 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.1 Risk factors

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in section 5.4 and section 7 of this Prospectus.

In particular, section 5.4 refers to the "Emphasis of matter" noted in the Audit Opinion in the Company's annual report for the financial year ended 30 June 2015. It is noted that the ability of the Company to continue as a going concern is dependent on this and future capital raisings. Shareholders should read this section in full.

4. DETAILS OF THE OFFER

4.1 The Offer

This Prospectus contains the following offers of Securities:

- (a) an offer to investors to apply for up to 75,000,000 Shares at an issue price of \$0.015 per Share payable in full on application, together with up to 37,500,000 free attaching Options (full terms and conditions set out in Section 6.2) on the basis of one (1) Option for every two (2) Shares allotted and issued, to raise up to \$1,125,000 (**Placement or Placement Offer**);
- (b) an offer of 20,000,000 Shares at an issue price of \$0.015 per Share and 10,000,000 free attaching Options on the basis of one (1) Option for every two (2) Shares issued as a debt for equity conversion to unrelated third party contractors and suppliers (**Debt for Equity Offer**),

(together, the **Offer**).

The issue of Securities pursuant to the Offer was approved by Shareholders at a general meeting of the Company held on 2 October 2015.

Existing Shareholders, apart from the major Shareholder, may apply for additional Shares under the Placement to add to their existing holding, although the final allocations will be determined at the discretion of the Directors.

All of the Shares offered under this Prospectus will rank equally with Shares on issue as at the date of this Prospectus. All of the Options which will be issued pursuant to this Prospectus will have an exercise price of \$0.02 per Option and an expiry date of 30 September 2018 (subject to approval from Shareholders at the annual general meeting). Please refer to section 6 for further information regarding the rights and liabilities attaching to the Shares and Options.

The Offer is not underwritten. The purpose of the Offer and the intended use of funds raised are set out in section 5.1 of this Prospectus.

4.2 Opening and Closing Dates of the Offer

The Opening Date of the Offer will be the date of lodgement of this Prospectus and the Closing Date will be 18 December 2015 at 5:00pm WST. The Directors reserve the right to close the Offer early or extend the Closing Date (as the case may be), should it be considered by them necessary to do so.

4.3 Application for Securities

Applications for Shares and Options must be made using the appropriate Application Form accompanying this Prospectus in accordance with the instructions referred to in this Prospectus and on the Application Form.

Placement Applications

Applicants for Securities under the Placement must make payment for the Shares in full at the issue price of \$0.015 per Share. Applications for Shares must be for a minimum of 40,000 Shares and thereafter in multiples of 10,000 Shares.

Completed Placement Application Forms need to be accompanied by a cheque or funds transfer in Australian dollars, crossed "Not Negotiable" and made payable to "Gulf Manganese Corporation Limited Share Account".

Debt for Equity Conversion Applications

Applicants for Securities under the Debt for Equity Offer must complete an Application Form that will be provided to you by the Company. Under each of these offers, the Applicant is not required to provide any funds.

All Application Forms must be received at any time after the issue of this Prospectus and on or before the Closing Date at the Company's Share Registry:

Mailing Address

Gulf Manganese Corporation Limited
C/- Automic Registry Services
PO Box 223
West Perth, WA 6872

Delivery

(Please do not use this address for mailing purposes)

Gulf Manganese Corporation Limited
C/- Automic Registry Services
Level 1 7 Ventnor Avenue
West Perth, WA 6005

4.4 Implications of Lodging an Application Form

Returning a completed Application Form will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Application Form, and read them both in their entirety; and
- (b) you acknowledge that once the Application Form is returned the application may not be varied or withdrawn except as required by law.

4.5 Minimum subscription

There is no minimum subscription.

4.6 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of issue of this Prospectus.

If ASX does not grant Official Quotation of the Shares under the separate offers pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue the relevant Securities under the relevant offer and will repay all Application Monies for the Securities within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

4.7 Issue

Securities issued pursuant to the Placement Offer will be issued as soon as practicable after the Closing Date. Securities under the Debt for Equity Offer will be issued as soon as practicable after the lodgement of this Prospectus.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, the Company will hold in trust all Placement Application Monies for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

The Directors will determine the allottees of all the Securities under the Placement. The Directors reserve the right to reject any application or to allocate any applicant fewer Securities than the number applied for under the Placement.

Where the number of Securities allotted to an applicant under the Placement is less than the number applied for, the surplus monies will be returned by cheque as soon as practicable after the Closing Date. Where no allotment is made, the amount tendered on application will be returned in full by cheque as soon as practicable after the Closing Date. Interest will not be paid on monies refunded.

Holding statements for Securities issued under the Offer will be mailed as soon as practicable after their issue.

4.8 Overseas shareholders

The distribution of this Prospectus outside the Commonwealth of Australia may be restricted by law.

This Prospectus is not intended to, and does not, constitute an offer of, or invitation to apply for, securities in any place which, or to any person to whom, the making of such offer or invitation would not be lawful under the laws of any jurisdiction outside Australia.

4.9 Enquiries

Any questions concerning the Offer should be directed to Leonard Math, Company Secretary, on +61 8 9463 2463.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Placement is to raise up to \$1,125,000.

The purpose of the Debt for Equity Offer is to satisfy outstanding debts owing by the Company to certain parties.

The funds raised from the Placement are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Cost of the initial public offer and listing of the Company's subsidiary, International Manganese Group Limited, on the Catalist Board of the SGX	500,000	44
2.	Expenses of the Offer ¹	50,000	4
3.	Working capital ²	575,000	52
	Total	1,125,000	100

Notes:

1. Refer to section 8.6 of this Prospectus for further details relating to the estimated expenses of the Offer.
2. The Company will have sufficient funds to make payment to its contractors and suppliers out of the Placement, however its preference is for these third parties to undertake the debt for equity conversion. The amount outstanding to contractors and suppliers as at the date of this Prospectus is approximately \$230,000. To the extent that any contractors or suppliers elect not to accept the debt for equity conversion, the Company will pay the fees to the contractors and suppliers out of the funds allocated to Item 3.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

If there is less than full subscription under the Placement, item 2 will be completed first, and the excess funds raised will then be applied to the items 1 and 3 on a pro rata basis.

5.2 Effect of the Offer

The principal effect of the Offer, assuming full subscription under the Placement, and that all contractors and suppliers who are offered Securities under this Prospectus take up the offer of Securities, will be to

- (a) Increase the cash reserves by \$1,125,000 and reduce the liabilities by \$572,478 (before deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) Increase the number of Shares on issue from 87,009,305 as at the date of

this Prospectus to 182,009,305 Shares.

5.3 Pro-forma balance sheet

The audited balance sheet as at 30 June 2015 shown below has been prepared on the basis of the accounting policies normally adopted by the Company and reflects the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	AUDITED 30 JUNE 2015	PROFORMA 30 JUNE 2015
CURRENT ASSETS		
Cash	9,638	519,396
Other current assets	123,179	123,179
TOTAL CURRENT ASSETS	132,817	642,575
NON-CURRENT ASSETS		
Financial assets	75,000	75,000
Plant and Equipment	41,905	41,905
Intangible assets	512,314	512,314
TOTAL NON-CURRENT ASSETS	629,219	629,219
TOTAL ASSETS	762,036	1,271,794
CURRENT LIABILITIES		
Creditors and borrowings	1,598,465	795,987
TOTAL CURRENT LIABILITIES	1,598,465	795,987
TOTAL LIABILITIES	1,598,465	795,987
NET ASSETS (LIABILITIES)	(836,429)	475,807
EQUITY		
Contributed equity	19,903,222	21,215,458
Options Reserve	1,348,272	1,348,272
Retained loss	(22,087,923)	(22,087,923)

	AUDITED 30 JUNE 2015	PROFORMA 30 JUNE 2015
TOTAL EQUITY	(836,429)	475,807

5.4 Going Concern – Emphasis of Matter

Going Concern

The Annual Report of the Company for the year ended 30 June 2015 stated the following:

“The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The consolidated entity had net current liabilities of \$1,598,465 at 30 June 2015 (30 June 2014: \$834,497), incurred a net loss after tax for the financial year ended 30 June 2015 of \$2,594,559 (30 June 2014 loss \$5,622,881) and experienced net cash outflows from operating activities of \$1,277,087 (30 June 2014:\$801,372).

Whilst the directors have instituted measures to preserve cash and secure additional finance, they recognise that the Company’s ability to continue as a going concern is dependent on its ability to raise additional capital to fund its business plans. Furthermore, the ability of the Company to continue as a going concern is subject to the ability of the Company to successfully develop and commercialise products. The Company is a listed company, and has been successful in raising capital on the ASX in the past.

On 28 August 2015, Gulf Manganese Corporation Limited announced that the company is calling a General Meeting to seek Shareholder approval to issue up to 75,000,000 Shares at 1.5 cents to unrelated third parties and a general offer to existing Shareholders to raise up to \$1,125,000 with a free attaching Option on a 1 for 2 basis (total of up to 37,500,000 Options). The Options will be granted with an exercise price of 5 cents each and expire on the 30th September 2017.

The Company proposes to conduct an initial public offer and listing on the Catalist Board of the Singapore Exchange of the wholly owned subsidiary, International Manganese Group Limited, which will own and operate the Timor Manganese Smelter business.

Funds raised will be used to satisfy the estimated listing costs and general working capital. Existing Shareholders, apart from the major Shareholder, may apply for additional Shares to their current holding quantity.

A second resolution will seek Shareholder approval for the issue of up to 20,000,000 Shares at a deemed issue price of 1.5 cents per Share with a free attaching Option on a 1 for 2 basis (total of up to 10,000,000 Options) as a debt for equity conversion to unrelated third party contractors and suppliers. The Options will be granted with an exercise price of 5 cents and expire on the 30th September 2017.

The Company seeks to undertake the Contractor/Supplier issue to preserve cash and direct funds to the SGX IPO costs and working capital.

The meeting will also seek approval to reinstate previous Shareholder approval to issue Convertible Note's together with seeking approval for Director Fees to be paid by the issue of Shares with no attaching Options.

The Company also expects to be able to raise additional capital from the Capital market, and on that basis, the directors believe that the going concern basis of the presentation is appropriate. Additionally, a major shareholder has signed a letter of comfort to provide financial support to the Company for the next 12 months.

Nonetheless, the Company's working capital position and other year-end financial indicators show a significant uncertainty whether the Company will be able to continue as a going concern.

Should the company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern."

5.5 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming the Placement is fully subscribed and that all contractors and suppliers who are offered Securities under this Prospectus take up the offer of Securities, is set out below (and is subject to the notes).

Shares

	Number
Shares currently on issue	87,009,305
Shares offered pursuant to the Placement	75,000,000
Shares offered to contractors and suppliers	20,000,000
Total Shares on issue after completion of the Offer	182,009,305

Options

	Number
Options currently on issue:	
Options exercisable at \$0.25 by 31 December 2018	7,500,000
Options exercisable at \$0.375 by 31 July 2017	13,900,000
Options exercisable at \$0.375 by 30 June 2016	1,279,000
Options offered pursuant to the Placement	37,500,000
Options offered to contractors and suppliers	10,000,000
Total Options on issue after completion of the Offer	70,179,000

Notes:

1. The capital structure on a fully diluted basis as at the date of this Prospectus would be 109,688,305 Shares and on completion of the Offer (assuming the Placement is fully subscribed and that all contractors and suppliers who are offered Securities under this Prospectus take up the offer of Securities) would be 252,188,305 Shares.
2. The Company has also issued 70 Convertible Notes with a face value of \$10,000 per note, for a total amount of \$700,000. The notes may be converted into Shares at the higher rate of 85% of the 30 day VWAP and 85% of the 5 day VWAP at the discretion of the holder after 12 months from issue. Interest is payable quarterly at 10% per annum. The notes may be redeemed at the holder's option 12 months after issue or thereafter on 3 months' notice and all outstanding notes will be redeemed if not converted on the date that is 36 months from issue.
3. The Company is seeking approval from Shareholders at the annual general meeting to issue:
 - (a) 30,000,000 Shares and 15,000,000 Options to a trust entity for the benefit of Hamish Bohannan, its chief executive officer; and
 - (b) 10,000,000 Shares and 5,000,000 Options to Bluewater Business Services Pty Ltd in satisfaction of a debt for services provided of \$150,000.

6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

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

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

6.1 Shares

(a) General meetings

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

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

(b) Voting rights

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

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

(c) Dividend rights

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

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

(d) **Winding-up**

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

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

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

(f) **Transfer of shares**

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

(g) **Future increase in capital**

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

(h) **Variation of rights**

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

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

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at

least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

6.2 Options

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraph 6.2(j), the amount payable upon exercise of each Option will be \$0.02 (2 cents)(subject to the receipt of Shareholder approval at the annual general meeting to approve this price, otherwise the exercise price will be \$0.05 (5 cents)) (**Exercise Price**)

(c) Expiry Date

Each Option will expire at 5:00 pm (WST) on 30 September 2018 (subject to the receipt of Shareholder approval at the annual general meeting to approve this date, otherwise the expiry date will be 30 September 2017) (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things

necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under 6.2(g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

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

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

7. RISK FACTORS

7.1 Introduction

The Securities offered under this Prospectus are considered speculative. An investment in the Company is not risk free and the Directors recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

7.2 Company specific

(a) Manganese Ore Demand and Price Volatility and Supply

The demand for, and price of, manganese ore is highly dependent on a variety of factors, including international supply and demand, the level of steel product demand, weather conditions, the price and availability of alternatives, actions taken by governments and international cartels, and global economic and political developments. Fluctuations in steel prices and, in particular, a material decline in the price of steel may have a material adverse effect on the Company's business, financial condition and results of operations.

The supply of manganese ore will be important to the proposed smelter business of the Company and given that the Company does not presently own its own tenements, it will need to enter into supply contracts and/or source supply from third parties.

The ability to source that supply at an acceptable price and volume will affect the proposed smelter business.

(b) Foreign Exchange Risk

The current operations of the Company are in Australia and Indonesia and the costs of some revenues from operations will be in Rupiah. As the Company's financial reports will be presented in Australian dollars, the Company will be exposed to the volatility and fluctuations of the exchange rate between the Rupiah and the Australian dollar.

Global currencies are affected by a number of factors that are beyond the control of the Company. These factors include economic conditions in the relevant country and elsewhere and the outlook for interest rates, inflation and other economic factors. These factors may have a positive or negative effect on the Company's development plans and activities together with the ability to fund those plans and activities.

(c) Environmental Risk

The Company is subject to environmental laws and regulations in connection with operations it may pursue. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws. However, the Company may be the subject of accidents or unforeseen circumstances that could subject the Company to extensive liability.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the

environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area. The Company's operational risks include environmental hazards such as accidental spills or leaks, ruptures and discharge. The occurrence of any such incident could result in substantial costs to the Company for environmental rehabilitation, damage control and losses.

(d) **Potential for dilution**

Upon implementation of the Offer, assuming the Placement is fully subscribed and that all contractors and suppliers who are offered Securities under this Prospectus take up the offer of Securities, the number of Shares in the Company will increase from 87,009,305 currently on issue to 182,009,305. This means that each Share will represent a lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

7.3 **General risks**

(a) **Economic**

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

(b) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Additional requirements for capital**

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

(d) **Dividends**

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

(e) **Reliance on key personnel**

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

(f) **Sovereign Risk (General)**

The Company's key operations are located in Indonesia.

Possible sovereign risks associated with operating in Indonesia include, without limitation, changes in the terms of legislation, changes to royalty arrangements, changes to taxation rates and concessions and changes in the ability to enforce legal rights. Any of these factors may, in the future, adversely affect the financial performance of the Company and the market price of its shares.

No assurance can be given regarding future stability in Indonesia or any other country in which the Company may, in the future, have an interest.

8. ADDITIONAL INFORMATION

8.1 Litigation

The Company is not engaged in any material litigation as at the date of this Prospectus.

8.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

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

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

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

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

- (a) It is subject to regular reporting and disclosure obligations;
- (b) Copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) The annual financial report most recently lodged by the Company with the ASIC;

- (ii) Any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) Any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

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

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest and previous annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
30 October 2015	Concise Annual Report
29 October 2015	Quarterly Cashflow Report
29 October 2015	Quarterly Activities Report
28 October 2015	Notice of Annual General Meeting/Proxy Form
28 October 2015	CEO Appointment
26 October 2015	Appendix 4G
26 October 2015	Annual Report to Shareholders
15 October 2015	Appendix 3B
14 October 2015	Change of Director's Interest Notice x 2
13 October 2015	Gulf Manganese Update - Manganese Ore Supply
2 October 2015	Results of Meeting
30 September 2015	Full Year Statutory Accounts
29 September 2015	Smelter Land and Power Supply
15 September 2015	Foreign Investment Approval
4 Sept 2015	Gulf Manganese Receives R&D Tax Incentive Claim
28 August 2015	Gulf to boost cash reserve and Notice of General Meeting
31 July 2015	Quarterly Cashflow Report
31 July 2015	Quarterly Activities Report
31 July 2015	Voluntary Suspension Request
31 July 2015	Suspension From Official Quotation
29 July 2015	Trading Halt
22 July 2015	Final Director's Interest Notice
20 July 2015	Gulf Announcement

Date	Description of Announcement
1 July 2015	Appendix 3B

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

The announcements are also available through the Company's website www.gulfmanganese.com.

8.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX. The Shares are currently suspended from trading however on completion of this Offer the Company will apply for re-instatement of trading on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales (on a post consolidation basis) were:

Highest	15 July 2015	3.5 cents
Lowest	20 July 2015	2.7 cents
Last	16 Oct 2015	3 cents

8.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.

Director	Shares	Options
Peter Williams	4,546,667	1,000,000
Michael Walters	2,693,533	1,000,000
Paul O'Shaughnessy	Nil	1,000,000

Remuneration

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

A Director may be paid a fee or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors for the 2014 and 2015 years. It is expected that the 2016 year will be the same (although that will be subject to review at the time).

Director	FY2014	FY2015
Peter Williams	\$36,000	\$36,000
Michael Walters	\$36,000	\$36,000
Paul O'Shaughnessy	\$36,000	\$36,000

8.5 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;

- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin up to \$15,000 (excluding GST and disbursements) for these services. Since March 2013, Steinepreis Paganin has invoiced fees totalling approximately \$145,000 (excluding GST and disbursements) for legal services provided to the Company. Part of these fees remain outstanding for payment. Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus.

Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Somes & Cooke has given its written consent to the inclusion of the audited numbers for the year ended 30 June 2015, in the form and context in which they are presented in section 5 together with the emphasis of matter, noting that this is an extract only of information taken from the Annual Report for the financial year ended 30 June 2015.

Somes & Cooke has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section;
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

8.6 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$50,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,320
ASX fees	15,000
Legal fees	15,000

Printing and distribution	4,500
Share registry fees	3,500
Miscellaneous	9,680
Total	50,000

8.7 Electronic prospectus

The ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company Secretary on +61 8 9463 2463 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.gulfmanganese.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.8 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.9 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers,

regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

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

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

9. DIRECTORS' AUTHORISATION

The Company issues this Prospectus and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Peter Williams
DIRECTOR
For and on behalf of
GULF MANGANESE CORPORATION LIMITED

10. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means an investor that applies for Securities using an Application Form pursuant to this Prospectus.

Application means an application to subscribe for Securities under this Prospectus.

Application Form means an application form either attached to or accompanying this Prospectus.

Application Monies means money submitted by Applicants in respect of Applications under the Placement.

ASIC means the Australian Securities and Investments Commission.

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

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house, which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

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.

Closing Date means the closing date specified in Section 4.2 (unless extended).

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

Constitution means the constitution of the Company as at the date of this Prospectus.

Convertible Note means a convertible note as approved by Shareholders on 2 October 2015.

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

Directors mean the directors of the Company as at the date of this Prospectus.

Offer means the offer of Securities under this Prospectus, including the Placement and the offer of Securities to creditors and suppliers of the Company by way of debt for equity conversion.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Placement means the offer of up to 75,000,000 Shares and 37,500,000 Options (attaching) as described in Section 4.1.

Prospectus means this prospectus.

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

Shareholder means a holder of a Share.

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