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

**PROSPECTUS**

A renounceable pro rata offer to Eligible Shareholders of up to approximately 918,244,552 New Shares at an issue price of 0.2 cents per New Share on the basis of four (4) New Shares for every one (1) Existing Share held, and 459,122,276 free attaching New Options on the basis of one (1) free attaching New Option for every two (2) New Shares subscribed for and issued, to raise up to approximately \$1.8 million before costs

**Joint Lead Managers**

Triple C Consulting Pty Ltd and CPS Capital Group Pty Ltd

**Important Notice**

This document is important and should be read in its entirety (including the 'Risk Factors' in **section 6**) before deciding whether to apply for New Securities. If after reading this Prospectus you have any questions about the New Securities being offered under this Prospectus, then you should consult your stockbroker, accountant or other professional adviser.

The New Securities offered by this Prospectus should be considered speculative.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

## IMPORTANT NOTES

This Prospectus is dated 17 March 2016 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus. No New Securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. The Company will apply to ASX for the New Securities to be granted quotation on ASX.

This Prospectus does not constitute an offer in any place in which or to any person to whom it would not be lawful to make such an offer. Refer to **section 2.16** for treatment of overseas shareholders. Applications for New Shares and New Options offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form which accompanies this Prospectus.

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

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

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

In particular, it is important that you consider the risk factors (see **section 6** of this Prospectus) that could affect the performance of the Company before making an investment decision. In particular, section 3.4 refers to the “Emphasis of matter” noted in the Audit Opinion in the Company’s half year report ended 31 December 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.

Investors should note that past Share price performance of the Company provides no guidance to its future Share price performance. Neither the Company nor any other person warrants or guarantees the future performance of the New Securities or any return on any investment made pursuant to this Prospectus.

The words “anticipate”, “believe”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “should”, “could”, “may”, “target”, “plan” and other similar expressions are intended to identify forward looking statements. The forward looking statements in this Prospectus are based on the Company’s current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Prospectus. Investors should specifically refer to the ‘Risk Factors’ in **section 6** of this Prospectus. That section refers to some but not all of the matters that may cause actual results to differ from the position stated in any forward looking statement in this Prospectus.

Cooling-off rights do not apply to a subscription for New Securities under this Prospectus. This means that you cannot withdraw your application once it has been submitted except as required by law. Once the New Securities are issued and quotation is granted by ASX you may sell your New Securities on market.

Some words and expressions used in this Prospectus have defined meanings which are explained in **section 9**.

## ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of the Company at <http://www.gulfmanganese.com> or the ASX website. Any person accessing the electronic version of this Prospectus for the purposes of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person the Entitlement and Acceptance Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

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## ENTITLEMENT AND ACCEPTANCE FORM

### SUMMARY OF IMPORTANT DATES

	Date
Lodgment Date	17 March 2016
“Ex” date and rights trading commences	30 March 2016
Record date to determine Entitlements for the Offer	31 March 2016
Prospectus with Entitlement and Acceptance Form dispatched	5 April 2016
Offer opens for receipt of Applications	5 April 2016
Rights trading ends	7 April 2016
New Shares and New Options quoted on a deferred settlement basis	8 April 2016
Closing date for acceptances for the Offer	5pm WST on 14 April 2016
Notify ASX of under subscriptions for the Offer	19 April 2016
Allotment and issue of New Shares and New Options	21 April 2016
Dispatch of holding statements for New Shares and New Options	21 April 2016
Normal trading of New Shares and New Options commences on the ASX	22 April 2016

This timetable is indicative only and subject to change. The Company reserves the right to vary the above dates, subject to the Listing Rules and Corporations Act.

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## 1. LETTER FROM THE CHAIRMAN

17 March 2016

Dear Shareholder

On behalf of the Board I take pleasure in presenting the Prospectus for Gulf Manganese Corporation Limited's (**Company**) entitlement offer to Eligible Shareholders.

On 15 March 2016, the Company announced an intention to raise up to approximately \$1.8 million (before costs) via a renounceable entitlements issue.

The Offer is expected to raise up to approximately \$1.8 million (before costs) through the issue of up to 918,244,552 New Shares at an issue price of 0.2 cents per share on the basis of four (4) New Shares for every one (1) Existing Share held, together with 459,122,276 free attaching New Options on the basis of one (1) New Option for every two (2) New Shares subscribed for and issued under the Offer. The Offer will be made to all Shareholders with registered addresses in Australia and New Zealand on the Record Date of 31 March 2016.

### Use of funds

The Company intends to apply the funds raised under the Offer to further advance the Company's main project which is development of the manganese alloy facility in Kupang, West Timor, Indonesia, to provide for initial payments on the South African smelter to be relocated to West Timor, for general working capital, and to fund the expenses of the Offer.

Please read this Prospectus carefully before deciding whether or not to invest. An investment in the Company contains specific risks which you should consider before making that decision. If there is any matter on which you require further information, you should consult your stockbroker, accountant or other professional advisor.

The Board commends the Offer to you and looks forward to your continuing support.

Yours sincerely

**GULF MANGANESE CORPORATION LIMITED**



Craig Munro  
Chairman

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## **2. DETAILS OF THE OFFER**

### **2.1 Background**

On 15 March 2016, the Company announced an intention to raise up to approximately \$1.8 million (before costs) via a renounceable entitlements issue to Eligible Shareholders.

### **2.2 Offer**

This Prospectus contains a renounceable pro rata offer to Eligible Shareholders of up to approximately 918,244,552 New Shares (assuming no existing Options or Convertible Notes are exercised before the Record Date) on the basis of four (4) New Shares for every one (1) Existing Share held as at the Record Date at an issue price of 0.2 cents each, and 459,122,276 free attaching New Options on the basis of one (1) free attaching New Option for every two (2) New Shares subscribed for and issued exercisable at 0.5 cents within 36 months of issue, to raise up to approximately \$1.8 million before costs (**Offer**).

### **2.3 Minimum Subscription**

The Minimum Subscription for the Offer is \$500,000.

No New Securities will be allotted or issued until the Minimum Subscription has been received. If the Minimum Subscription is not achieved within three months after the date of issue of this Prospectus, all Application Monies will be dealt with in accordance with the Corporations Act.

### **2.4 No Underwriting**

The Offer is not underwritten.

### **2.5 Entitlements**

The Offer is available to Eligible Shareholders who are on the Company's share register at the Record Date.

Fractional Entitlements will be rounded up to the nearest whole number of New Shares. For this purpose, holdings in the same name are aggregated for calculation of Entitlements, to the extent permitted by the Listing Rules. If the Company considers that holdings have been split to take advantage of rounding, the Company reserves the right to aggregate holdings held by associated Shareholders for the purpose of calculating Entitlements, to the extent permitted by the Listing Rules.

An Entitlement and Acceptance Form setting out Eligible Shareholders' Entitlement to New Shares and New Options accompanies this Prospectus.

### **2.6 Acceptances**

The Offer may be accepted in whole or in part prior to 5.00pm (WST) on 14 April 2016 subject to the rights of the Company to extend the Offer period or close the Offer early.

Instructions for accepting your Entitlement are set out in **section 4** and on the Entitlement and Acceptance Form which accompanies this Prospectus.

### **2.7 Entitlements Trading**

The Entitlements to New Shares are renounceable, which enables Eligible Shareholders who do not wish to take up some or all of their Entitlements to sell or otherwise transfer all or part of their Entitlement. Trading of Entitlements on the ASX is expected to commence on 30 March 2016 and end on 7 April 2016.

### **2.8 Applying for Additional New Securities under the Offer**

Eligible Shareholders may, in addition to their Entitlement, apply for additional New Shares and New Options under the Offer regardless of the size of their present holding.

Any Entitlements not taken up may become available as Additional New Securities which may be placed by the Company. It is possible that there will be few or no Additional New Securities available for issue, depending on the level of take up of Entitlements by Shareholders. There is also no guarantee that in the event Additional New Securities are

available for issue, they will be allocated to all or any of the Eligible Shareholders who have applied for them.

It is an express term of the Offer that applicants for Additional New Securities will be bound to accept a lesser number of Additional New Securities allocated to them than applied for, if so allocated. If a lesser number of Additional New Securities is allocated to them than applied for, excess application money will be refunded without interest. The Company reserves the right to scale back any applications for Additional New Securities in its absolute discretion.

## **2.9 Lead Managers**

Triple C and CPS have been appointed joint lead managers to the Offer. Details on the terms of the lead manager agreements are set out in section 7.2.

## **2.10 Placement of Shortfall Securities under the Offer**

A Shortfall will arise if the Applications received for New Shares and New Options under the Offer are less than the number of New Shares and New Options offered.

The Directors reserve the right, subject to the requirements of the Listing Rules and the Corporations Act, to place any Shortfall Securities remaining after the satisfaction of applications for New Shares and New Options by Eligible Shareholders (including pursuant to **section 2.8) (Shortfall Offer)**.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months from the closing date of the Offer.

The issue price for each New Share to be issued under the Shortfall Offer will be not less than 0.2 cents, being the price at which New Shares are being offered under the Offer. Applicants for New Shares will receive one (1) New Option for every two (2) New Shares subscribed for and allotted under the Shortfall Offer.

The Shortfall Securities to be issued under the Shortfall Offer will be issued on the same terms as the New Shares and New Options issued under the Offer (except that the issue price of the New Shares offered under the Shortfall Offer may be higher than the issue price of the New Shares being offered under the Offer).

Investors who the Company invites to participate in the Shortfall Offer will need to follow the procedures advised to them by the Company for applications under the Shortfall Offer.

## **2.11 Details of substantial holders**

Based on public available information as at 15 March 2016, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Trinity Management Pty Ltd <sup>1</sup>	30,000,000	13.07%
Leprechaun Holdings Pty Ltd	24,250,000	10.56%
Bluewater Business Services Pty Ltd	27,500,000	11.98%
<b>Total Shares on currently on issue</b>	<b>229,561,138</b>	

### **Notes**

1. Mr Hamish Bohannon, a director of the Company, has a relevant interest in the securities held by Trinity Management Pty Ltd.

## **2.12 Effect of the Offer on the Control of the Company**

### **(a) General**

Assuming no existing Options or Convertible Notes are exercised prior to the Record Date, the maximum number of New Shares which will be issued pursuant to the Offer is 918,244,552. This equates to approximately 80% of all the issued Shares in the Company following completion of the issue of Shares under the Offer.

The potential effect the Offer will have on the control of the Company's undiluted share capital will depend on the extent to which Eligible Shareholders take up their Entitlements under the Offer.

If all Eligible Shareholders take up their Entitlements in full, the Offer will have no material effect on the control of the Company.

Shareholders should be aware that if they do not participate in the Offer and the Offer is fully subscribed, their holdings are likely to be diluted by approximately 80% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).

(b) **Substantial Shareholders and control of the Company**

As at the date of this Prospectus, Trinity Management Pty Ltd, Leprechaun Holdings Pty Ltd, and Bluewater Business Services Pty Ltd each have a relevant interest in 30,000,000 (13.07%), 24,250,000 (10.56%), and [27,500,000] (11.98%) respectively of the Company's total issued Shares and are, therefore, substantial Shareholders of the Company. In the event that Trinity Management Pty Ltd, Leprechaun Holdings Pty Ltd, or Bluewater Business Services Pty Ltd apply for Additional New Securities which become available as a result of a Shortfall (if any), the Company will not allocate any Additional New Securities such that their relevant interest in voting shares in the Company would exceed 20% of the total issued voting shares in the Company other, than in accordance with the Corporations Act.

## **2.13 Allotment and Application Money**

The New Shares and New Options under the Offer will be issued only after all Application Money has been received and ASX has granted permission for the New Shares and New Options to be quoted. It is expected that New Shares and New Options will be issued on 21 April 2016 and normal trading of the New Shares and New Options on ASX is expected to commence on 22 April 2016. All Application Money received before New Shares and New Options are issued will be held in a special purpose account. After Application Money is refunded (if required) and New Shares are issued to applicants, the balance of funds in the account plus accrued interest will be received by the Company.

## **2.14 Quotation**

Application will be made within seven days of the date of issue of this Prospectus for the New Shares and New Options to be granted Official Quotation by ASX. If such an application is not made within these seven days, or Official Quotation of the New Securities is not granted by ASX within three months of the date of this Prospectus, then the Company will not allot or issue any New Shares and New Options and the Application Money received will be repaid as soon as practicable, without interest.

The fact that ASX may agree to grant Official Quotation of the New Securities is not to be taken in any way as an indication of the merits of the Company or the New Securities. ASX takes no responsibility for the contents of this Prospectus.

## **2.15 Issue Outside Australia and New Zealand**

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

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

## **2.16 Treatment of Overseas Shareholders**

The Offer in this Prospectus is not being extended to any Shareholder, as at the Record Date, whose registered address is not situated in Australia or New Zealand because of the

small number of such Shareholders, and the cost of complying with applicable regulations in jurisdictions outside Australia and New Zealand. The Prospectus is sent to those Shareholders for information only.

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any securities under this Prospectus.

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia (other than to Eligible Shareholders).

It is the responsibility of any Shareholder who submits an Entitlement and Acceptance Form to obtain all necessary approvals for the allotment and issue of the New Shares and New Options under this Offer. The return of a completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation and warranty by the applicant to the Company that there has been no breach of such laws and that all relevant approvals have been obtained.

## **2.17 Nominee**

The Company will appoint a Nominee approved by ASIC under section 615 of the Corporations Act to sell the Non-qualifying Foreign Shareholders Entitlements.

For the purposes of section 615 of the Corporations Act, the Company will issue to the Nominee the right to acquire those New Shares that Non-qualifying Foreign Shareholders would otherwise have been entitled to apply for had they been an Eligible Shareholder.

Any subsequent sale of the Non-qualifying Foreign Shareholders Entitlements will be at a price and be conducted in a manner that the Nominee will determine in its absolute discretion. To the maximum extent permitted by law, neither the Company nor Nominee will be liable for selling the Entitlements at any particular price.

The net proceeds (if any) of sale (in Australian dollars) will be distributed to the Non-qualifying Foreign Shareholders for whose benefits the Entitlements have been sold in proportion to their Shareholdings as at the Record Date (after deducting the costs of the sale).

Non-qualifying Foreign Shareholders should note that neither the Company nor the Nominee is acting as their agent and that there is no guarantee that any net proceeds will be realised from the sale of Entitlements under section 615 of the Corporations Act.

## **2.18 Market Prices of Existing Shares on ASX**

The highest and lowest market sale price of the Existing Shares, which are on the same terms and conditions as the New Shares being offered under this Prospectus, during the three months immediately preceding the lodgement of this Prospectus with the ASIC, and the last market sale price on the date before the lodgement date of this Prospectus, are set out below.

	<b>3 months high</b>	<b>3 months low</b>	<b>Last Market Sale Price</b>
<b>Existing Shares</b>	\$0.02 on 17 Dec 2016	\$0.004 on 17 Mar 2016	\$0.004 on 17 Mar 2016

## **2.19 Opening and Closing Dates**

The Offer will open for receipt of acceptances on 5 April 2016 and will close at 5.00pm (WST) (3.00pm (WST) for BPAY®) on 14 April 2016, subject to the right of the Company to vary these dates.

## **2.20 CHESS**

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

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

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

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

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

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

## **2.21 Rights and Liabilities attaching to the New Securities**

The New Shares issued under the Offer will rank equally in respect of dividends and in all other respects (e.g. voting, bonus issues) as Existing Shares.

The New Options issued under the Offer will be exercisable at 0.5 cents each on or before 21 April 2019.

A summary of the rights and liabilities attaching to the New Securities is set out in **section 5**.

## **2.22 Taxation Implications**

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Offer or Shareholders or other eligible applicants applying for New Securities under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders under the Offer. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Issue.

## **2.23 Notice to nominees and custodians**

Nominees and custodians that hold Existing Shares should note that the Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable laws.

## **2.24 Enquiries**

Any queries regarding the Offer should be directed to Mr Leonard Math, Company Secretary on +61 8 9367 9228.

Any queries regarding the Entitlement and Acceptance Form should be directed to the Share Registry, Automic Registry Services on +61 8 9324 2099.

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

### 3. PURPOSE AND EFFECT OF THE OFFER

#### 3.1 Purpose of the Offer

The purpose of the Offer is to raise up to approximately \$1.8 million before issue costs.

The Directors intend to apply the proceeds from the Offer (based on the minimum and maximum amounts that may be raised under the Offer) together with the Company's existing cash reserves for the following purposes in accordance with the table set out below:

- further advance the Company's main project which is development of the manganese alloy facility in Kupang, West Timor, Indonesia;
- provide for initial payments on the South African smelter to be relocated to West Timor;
- provide additional working capital; and
- to fund expenses of the Offer – including legal costs, marketing and other administrative expenses (including ASX, ASIC and Share Registry fees).

The table assumes that Entitlements are taken up in full and that no Options or Convertible Notes are exercised before the Record Date.

Use of Funds	Minimum Subscription (\$)	Maximum Subscription (\$)
<b>Project Development</b>		
Advance the development of the manganese alloy facility in Kupang	-	420,000
Provide for initial payments on the South African smelter to be relocated to West Timor	-	200,000
<b>Corporate</b>		
Working capital	403,680	951,789
Expenses of the Offer (including Joint Lead Manager, legal, printing, postage and lodgment fees)	96,320	264,700
<b>TOTAL</b>	<b>500,000</b>	<b>1,836,489</b>

The table above is a statement of the Directors' current intentions as at the date of this Prospectus. In the event that circumstances change or other opportunities arise the Directors reserve the right to vary the proposed use of funds to maximise benefits to Shareholders.

#### 3.2 Effect of the Offer

The effect of the Offer will be (assuming no Options or Convertible Notes are exercised prior to the Record Date and the Offer is fully subscribed) that:

- cash reserves will initially increase by approximately \$1,571,789 (after payment of costs);
- the number of Shares on issue will increase from 229,561,138 to 1,147,805,690; and
- the number of Options on issue will increase from 103,954,917 to 563,077,193.

The effect of the Offer will be (assuming no Options or Convertible Notes are exercised prior to the Record Date and the Minimum Subscription only is raised under the Offer) that:

- (a) cash reserves will initially increase by approximately \$403,680 (after payment of costs);
- (b) the number of Shares on issue will increase from 229,561,138 to 479,561,138; and
- (c) the number of Options on issue will increase from 103,954,917 to 228,954,917.

### **3.3 Pro-forma Statement of Financial Position**

Set out on the following pages is the Statement of Financial Position of the Company as at 31 December 2015 (reviewed), and the Pro-Forma Statement of Financial Position as at 31 December 2015 (unaudited) on the basis of the assumptions detailed below. The significant accounting policies upon which the Statement of Financial Position and the Pro-Forma Statement of Financial Position are based are contained in the audit reviewed financial report for 31 December 2015.

The Pro-Forma Statement of Financial Position presented below illustrates two scenarios:

- where the Offer achieves the Minimum Subscription; and
- where the Offer is fully subscribed.

## PRO-FORMA STATEMENT OF FINANCIAL POSITION

		Minimum Subscription		Full subscription	
	31 December 2015 (Reviewed) \$	Pro-forma Effect of Offer \$	31 December 2015 (Unaudited) \$	Pro-forma Effect of Offer \$	31 December 2015 (Unaudited) \$
<b>Current Assets</b>					
Cash and cash equivalents	280,525	403,680	684,205	1,571,789	1,852,314
Trade and other receivables	61,844	-	61,844	-	61,844
<hr/>					
<b>Total Current Assets</b>	<b>342,369</b>		<b>746,049</b>		<b>1,914,158</b>
<hr/>					
<b>Non-Current Assets</b>					
Financial asset	75,000	-	75,000	-	75,000
Property, Plant and equipment	37,336	-	37,336	-	37,336
Intangible assets	640,429	-	640,429	-	640,429
<b>Total Non-Current Assets</b>	<b>752,765</b>		<b>752,765</b>		<b>752,765</b>
<hr/>					
<b>TOTAL ASSETS</b>	<b>1,095,134</b>		<b>1,498,814</b>		<b>2,666,923</b>
<hr/>					
<b>Current Liabilities</b>					
Trade and other payables	633,490	-	633,490	-	633,490
Share application funds received	110,072	-	110,072	-	110,072
Borrowings	734,304	-	734,304	-	734,304
<b>Total Current Liabilities</b>	<b>1,477,866</b>		<b>1,477,866</b>		<b>1,477,866</b>
<hr/>					
<b>TOTAL LIABILITIES</b>	<b>1,477,866</b>		<b>1,477,866</b>		<b>1,477,866</b>
<hr/>					
<b>NET ASSETS</b>	<b>(382,732)</b>		<b>20,948</b>		<b>1,189,057</b>
<hr/>					
<b>Equity</b>					
Contributed equity	21,899,708	403,680	22,303,388	1,571,789	23,471,497
Accumulated losses	(23,858,713)	-	(23,858,713)	-	(23,858,713)
Options reserve	1,576,273	-	1,576,273	-	1,576,273
<b>TOTAL EQUITY</b>	<b>(382,732)</b>		<b>20,948</b>		<b>1,189,057</b>

## **Assumptions and adjustments for Unaudited Pro-Forma Statement of Financial Position**

The Pro-Forma Statement of Financial Position has been prepared on the basis that there have been no material movements in the assets and liabilities of the Company between 31 December 2015 and the close of the Offer other than the following:

### *At full subscription*

- Increase in cash of approximately \$1,571,789 from Offer (after costs).
- The Company issues 918,244,552 New Shares at \$0.002 per New Share, pursuant to the Offer.
- No Options or Convertible Notes are exercised prior to the Record Date.

### *At Minimum Subscription*

- Increase in cash of approximately \$403,680 from Offer (after costs).
- The Company issues 250,000,000 New Shares at \$0.002 per New Share, pursuant to the Offer.
- No Options or Convertible Notes are exercised prior to the Record Date.

## **3.4 Going Concern – Emphasis of Matter**

The Half Year Report of the Company for the half year ended 31 December 2015 stated the following:

*“The interim 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 \$1,135,497 at 31 December 2015 (30 June 2015: \$1,465,648), incurred a net loss after tax for the six months ended 31 December 2015 of \$1,770,790 (31 December 2014: loss \$849,537) and experienced net cash outflows from operating activities of \$884,092 (31 December 2014: \$701,751).*

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

*On 15 March 2016, the Company announced a 4 for 1 renounceable rights issue at 0.2 cents per share, with 1 free attaching listed option (exercisable at 0.5 cents within 36 months from issue) for every 2 New Shares issued, to raise up to \$1.8 million before costs with a minimum raising of \$0.5 million. It is anticipated that the rights issue will be completed by end of April 2016.*

*Nonetheless, the Group’s working capital position and other year-end financial indicators show a significant uncertainty whether the Group 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 Group be unable to continue as a going concern.”*

## **3.5 Effect on Capital Structure**

A comparative table of changes in the capital structure of the Company as a consequence of the Offer is set out below. The tables below present two scenarios: where the Offer achieves Minimum Subscription, and where the Offer is fully subscribed; and (in both scenarios) assuming that no Options or Convertible Notes are exercised.

Event	Shares	
	Minimum Subscription \$0.5 million	Maximum Subscription \$1.8 million
Shares on issue at the date of this Prospectus	229,561,138	229,561,138
New Shares to be issued under the Offer	250,000,000	918,244,552
<b>TOTAL ISSUED SHARES</b>	479,561,138	1,147,805,690
Event	Options	
	Minimum Subscription \$0.5 million	Maximum Subscription \$1.8 million
Unlisted Options exercisable at \$0.02 by 30 September 2018	56,275,917	56,275,917
Unlisted Options exercisable at \$0.02 by 21 February 2018	10,000,000	10,000,000
Unlisted Options exercisable at \$0.05 by 30 September 2018	15,000,000	15,000,000
Unlisted Options exercisable at \$0.25 by 31 December 2018	7,500,000	7,500,000
Unlisted Options exercisable at \$0.375 by 31 July 2017	13,900,000	13,900,000
Unlisted Options exercisable at \$0.375 by 30 June 2016	1,279,000	1,279,000
New Options to be issued under the Offer	125,000,000	459,122,276
<b>TOTAL ISSUED OPTIONS</b>	228,954,917	563,077,193
Event	Convertible Notes <sup>1</sup>	
	Minimum Subscription \$0.5 million	Maximum Subscription \$1.8 million
Unlisted convertible notes with a face value of \$10,000 each on issue at the date of this Prospectus	70	70
<b>TOTAL ISSUED CONVERTIBLE NOTES</b>	70	70

#### Notes

1. The Convertible 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 Convertible Notes will be redeemed if not converted on the date that is 36 months from issue.

## 4. ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS

### 4.1 What you may do

As an Eligible Shareholder, you may, in relation to the Offer:

- subscribe for all of your Entitlement (refer **section 4.2**);
- apply for Additional New Securities (refer **section 4.3**);
- sell all of your Entitlement on ASX (refer **section 4.4**);
- take up part of your Entitlement and sell the balance on ASX (refer **section 4.5**);
- deal with part or all of your Entitlement other than on ASX (refer **section 4.6**); or
- allow all or part of your Entitlement to lapse (refer **section 4.7**).

### 4.2 To subscribe for all of your Entitlement

If you wish to subscribe for all of your Entitlement, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out in that form. The Entitlement and Acceptance Form sets out the number of New Shares and New Options you are entitled to subscribe for. The completed Entitlement and Acceptance Form must be accompanied by a cheque or bank draft made payable to “**Gulf Manganese Corporation Limited – Share Account**” and crossed “**Not Negotiable**” for the appropriate Application Money in Australian dollars calculated at 0.2 cents per New Share accepted, and received by the Company at either of the following addresses by no later than 5.00pm (WST) on 14 April 2016. The Company will present the cheque or bank draft on or around the day of receipt of the Entitlement and Acceptance Form. If a cheque is not honoured upon its first presentation, the Directors reserve the right to reject the relevant Entitlement and Acceptance Form.

If the amount of your cheque(s) or bank draft(s) for Application Money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Shares and New Options you have applied for in your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of New Shares and New Options as your cleared Application Money will pay for (and to have specified that number of New Shares and New Options in your Entitlement and Acceptance Form) or your Application may be rejected.

By hand delivery:	By post:
C/- Automic Registry Services Suite 1a, Level 1 7 Ventnor Avenue West Perth WA 6005	C/- Automic Registry Services PO Box 223 West Perth WA 6872

Alternatively, if you are paying by BPAY® payment, you do not need to mail the Entitlement and Acceptance Form. Please refer to your personalised instructions on your Entitlement and Acceptance Form.

It is your responsibility to ensure that your BPAY® payment is received by the Company by no later than 3.00pm (WST) on 14 April 2016. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment.

### 4.3 To apply for Additional New Securities

Eligible Shareholders may, in addition to their Entitlement, apply for Additional New Securities regardless of the size of their present holding. Refer to **section 2.8** if you wish to apply for Additional New Securities.

A single cheque should be used for the Application Money for your Entitlement and the number of Additional New Securities you wish to apply for as stated on the Entitlement and Acceptance Form.

Alternatively, if you are paying by BPAY®, refer to your personalised instructions on your Entitlement and Acceptance Form. Shareholders who wish to pay by BPAY® must ensure

that payment is received by no later than 3.00pm (WST) on 14 April 2016. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment.

#### **4.4 If you wish to sell all of your Entitlement**

Complete the section marked “**Instructions to Stockbroker**” on the back of the Application Form, which accompanies this Prospectus, in accordance with the instructions contained on the form and lodge it with your stockbroker as soon as possible.

Rights trading will commence on ASX on 30 March 2016. Sale of your Entitlement must be completed by 7 April 2016 when Entitlement trading is expected to cease.

#### **4.5 If you wish to take up part of your Entitlement and sell the balance**

Please complete the Application Form, which accompanies this Prospectus, by inserting the number of New Shares for which you wish to accept (being less than as specified on the Application Form) and complete the section marked “**Instructions to Stockbroker**” on the back of the form in respect of that part of your Entitlement you wish to sell.

Forward the form to your stockbroker together with your cheque for the total amount payable in respect of the New Shares accepted. Your stockbroker will need to ensure that the completed Application Form reaches the Company’s share registry, by 5.00pm WST on 14 April 2016.

Cash will not be accepted and no receipts will be issued.

Alternatively, if you are paying by BPAY®, refer to your personalised instructions on your Application Form. Shareholders who wish to pay by BPAY® must ensure that payment is received by no later than 3.00pm WST on 14 April 2016.

Rights trading will commence on ASX on 30 March 2016. Sale of your Entitlement must be completed by 7 April 2016 when Entitlement trading is expected to cease.

#### **4.6 If you wish to transfer your Entitlement other than on ASX**

If you are a Shareholder and hold Existing Shares on the issuer sponsored sub-register, forward a completed Renunciation Form (obtainable through your stockbroker or the Company’s share registrar) together with your Application Form completed by the transferee together with a cheque for the appropriate Application Monies to reach the Company’s share registry (at the address shown above), by 5.00pm WST on 14 April 2016.

If you are a Shareholder and hold Existing Shares registered on CHESS, you should contact your sponsoring broker.

Cash will not be accepted and no receipts will be issued.

#### **4.7 Entitlements not taken up**

If you are a Shareholder and do not wish to accept all (or part) of your Entitlement, you are not obliged to do anything. You will receive no benefit or New Shares or New Options and your Entitlement will be dealt with in accordance with **section 2.8** and/or **section 2.10** (as applicable).

If you wish to receive a benefit, you must take action to accept your Entitlement in accordance with the instructions above and on the back of the accompanying Entitlement and Acceptance Form.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

#### **4.8 Entitlement and Acceptance Form is binding**

A completed and lodged Entitlement and Acceptance Form constitutes a binding offer to acquire New Shares and New Options on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as a valid application for New Shares

and New Options. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your Entitlement and Acceptance Form with the requisite Application Monies, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- agree to be bound by the terms of the Offer;
- declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares and New Options to be issued to you, including to act on instructions of the Company's Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- declare that you are the current registered holder of Shares and are an Australian, or New Zealand resident, and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that New Shares and New Options are suitable for you given your investment objectives, financial situation or particular needs; and
- acknowledge that the New Shares and New Options have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and New Zealand and accordingly, the New Shares and New Options may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act.

If you have any queries concerning your entitlement or allocation, please contact:

**Leonard Math, Company Secretary - Tel: +61 8 9367 9228**

or contact your stockbroker or professional adviser

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## 5. RIGHTS AND LIABILITIES ATTACHING TO NEW SECURITIES

The following is a summary of the more significant rights and liabilities attaching to the New Securities to be issued 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.

The rights attaching to the New Securities arise from a combination of the Company's Constitution, the Corporations Act, the Listing Rules and general law. A copy of the Company's Constitution is available for inspection free of charge during business hours at its registered office.

### 5.1 Rights attaching to New Shares

The New Shares to be issued pursuant to this Prospectus are fully paid ordinary shares and will as from their allotment rank equally in all respects with all Existing Shares.

A summary of the rights attaching to the New Shares is set out below.

(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.

## 5.2 Rights attaching to New Options

The New Options issued pursuant to this Prospectus will be issued on the following terms and conditions:

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

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

(c) The Options are exercisable in whole or in part at a price of 0.5 cents per Option (**Exercise Price**) by completing and delivering a duly completed form of notice of exercise to the registered office of the Company together with the payment of the Exercise Price in immediately available funds for the number of Shares in respect of which the Options are exercised.

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

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

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

- (g) The holders of Options may only participate in new issues of securities as holders of Shares if an Option has been exercised and Shares have been allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give notice to the holder of the Options of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules or any waiver from the Listing Rules provided to the Company by ASX.
- (h) There will be no change to the exercise price of an Option or the number of Shares over which a Option is exercisable in the event of the Company making a pro rata issue of Shares or other securities to the holders of Shares (other than for a Bonus Issue).
- (i) If, from time to time, before the expiry of the Options, the Company makes a pro rata issue of Shares to Shareholders for no consideration (**Bonus Issue**), the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue (**Bonus Shares**). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other Shares of that class at the date of issue of the Bonus Shares.
- (j) If, prior to the expiry of any Options, there is a reorganisation of the issued capital of the Company, the Options will be reorganised in the manner set out in and to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (k) Shares allotted and issued pursuant to the exercise of the Options will be allotted and issued, and a holding statement provided to the holders of Options in respect of those Shares, on the above terms and conditions not more than 15 business days after the receipt of a duly executed form of notice of exercise and the Exercise Price in immediately available funds in respect of the Options exercised.

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## **6. RISK FACTORS**

### **6.1 Overview**

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

### **6.2 Company Specific Risks**

- (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 Indonesian Rupiah. As the Company's financial reports will be presented in Australian dollars, the Company will be exposed to the volatility and fluctuations of the exchange rate between the 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, the number of Shares in the Company will increase from 229,561,138 currently on issue to a maximum of 1,147,805,690. 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

(e) Power Sourcing

Whilst the Indonesian government owned Kupang power provider (PLN) has a written agreement with PT Gulf Mangan to provide power for the initial smelting operations and expansion plans which should be more than capable of fulfilling future power needs, this capacity does not exist today and there is no agreement in place with regard to future power costs. Until these are achieved, the Company has plans to install individual coal fired power plants with each subsequent smelter unit.

(f) Further working capital

In the event the Company only raises the minimum subscription amount under this Prospectus, then the Company will be required to raise further capital within the next 6 months. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations. There is 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.

### 6.3 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.

(g) Insurance risks

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

(h) Market risk and interest rate volatility

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

(i) Competition

There is a risk that the Company will not be able to continue to compete in the competitive industry in which it operates. The potential exists for the nature and extent of the competition to change rapidly, which may cause loss to the Company.

(j) Share market

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

(k) Liquidity risk

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

(l) Investment speculative

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

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## **7. ADDITIONAL INFORMATION**

### **7.1 Continuous Disclosure Obligations**

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

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities or options to acquire securities, in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of New Securities on the Company and the rights attaching to the New 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 three 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 of the Offer:
  - (i) the annual financial report of the Company for the financial year ended 30 June 2015 being the most recent annual financial report of the Company lodged 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 the Prospectus with ASIC; and
  - (iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

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

The Company has lodged the following material announcements with ASX since the lodgement of the annual financial report for the financial year ended 30 June 2015:

<b>Date</b>	<b>Description of Announcement</b>
29 October 2015	Quarterly Cashflow Report
29 October 2015	Quarterly Activities Report
30 October 2015	Concise Annual Report
3 December 2015	\$1.125 Million Capital Raising Completed
3 December 2015	Reinstatement of trading
1 February 2016	Quarterly Cashflow Report
1 February 2016	Quarterly Activities Report
15 March 2016	\$1.8M Rights Issue to further progress Kupang Smelting Hub

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.

## **7.2 Material Agreements**

### **Triple C Mandate**

The Company has entered into an agreement with Triple C whereby Triple C has agreed to act as Joint Lead Manager with CPS to the Offer.

Under the terms of the agreement, Triple C has agreed to place any Shortfall on a best endeavours basis, and to work alongside CPS to assist the Company with the Offer.

The Company agrees to pay Triple C a management success fee of \$60,000. Subject to the availability of Shortfall Securities, Triple C may apply this amount towards application for Shortfall Securities under the Shortfall Offer.

The Company also agreed to pay Triple C, as Sponsoring Broker, a fee of 6% for the subsequent placement of Shares.

All fees are quoted exclusive of GST.

In addition, the Company will reimburse Triple C for all reasonable out-of-pocket expenses (including any applicable GST) incurred by Triple C in connection with the agreement and the Offer.

The agreement may be terminated by either party with 7 days' written notice.

The Company has provided representations and warranties, and indemnities that are standard for agreements of this nature.

### **CPS Mandate**

The Company has entered into an agreement with CPS whereby CPS has agreed to act as Joint Lead Manager to the Offer.

Under the terms of the agreement, CPS is entitled to be paid a Joint Manager fee of \$60,000. Subject to the availability of Shortfall Securities, CPS may apply this amount towards application for Shortfall Securities under the Shortfall Offer.

The Company has also agreed to pay CPS a fee of 6% for the subsequent placement of Shares under the Shortfall Offer.

In addition, the Company will pay CPS's expenses incurred in relation to the Offer.

The fees and expenses specified above are exclusive of GST.

The agreement may be terminated by the Company or CPS at any time before offers have been made under the Offer by providing 2 days notice in writing.

The Company has provided warranties and indemnities that are standard for agreements of this nature.

### 7.3 Directors' Interests

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

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

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

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

Name	Shares	Options
Craig Munro	Nil	Nil
Hamish Bohannon	30,000,000	15,000,000
Paul O'Shaughnessy	Nil	1,000,000
Andrew Wilson	Nil	Nil

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 Directors' remuneration for the 2014 and 2015 financial years, together with the current financial year is set out in the table below:

Director	Remuneration for FY2014	Remuneration for FY2015	Current financial year
<b>Craig Munro<sup>1</sup></b>	-	-	\$74,400
<b>Hamish Bohannan<sup>2</sup></b>	-	-	\$250,000
<b>Paul O'Shaughnessy<sup>3</sup></b>	-	\$31,935	\$36,000
<b>Andrew Wilson<sup>4</sup></b>	-	-	\$36,000

#### **Notes**

1. Craig Munro was appointed as a director on 1 February 2016.
2. Hamish Bohannan was appointed as managing director on 1 February 2016.
3. Paul O'Shaughnessy was appointed as a director on 12 August 2014.
4. Andrew Wilson was appointed as a director on 17 February 2016.

## **7.4 Interests and Consents of Experts and Advisers**

The following parties have given (and not before the date of this document withdrawn) their consent to be named in this document in the form and context in which they are named:

- Triple C and CPS, in their capacity as Joint Lead Managers; and
- Allion Legal, in its capacity as solicitors to the Company.

Each of Triple C, CPS, and Allion Legal have not:

- authorised or caused the issue of this Prospectus;
- made any express or implied representation or warranty in relation to the Company, this Prospectus or the Offer;
- made, or purported to have made, any statement in this Prospectus or on which a statement in this Prospectus is based except as set out in this section; or
- assumed the responsibility for any part of this Prospectus except as set out in this section and to the maximum extent permitted by law, expressly disclaims 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.

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

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offers of securities pursuant to this Prospectus; or
- the offer of securities pursuant to this Prospectus,

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

Triple C and CPS are acting as Joint Lead Managers for the Offer and for this are entitled to be paid the fees set out in section 7.2.

Allion Legal is entitled to be paid \$20,000 (exclusive of GST) for advice and assistance in relation to certain aspects of this Prospectus, and in relation to application for quotation of the New Securities on ASX.

Allion Legal has been paid \$16,460 (exclusive of GST) for the provision of professional services to the Company in the two years prior to the date of this Prospectus.

Triple C has been paid \$111,501 (exclusive of GST) for the provision of professional services to the Company in the two years prior to the date of this Prospectus.

CPS has not been paid for the provision of any professional services to the Company in the two years prior to the date of this Prospectus.

References to Somes Cooke appear for information purposes only. Somes Cooke has not been involved in, authorised or caused the issue of this Prospectus.

References to Automic Registry Services Pty Limited appear for information purposes only. Automic Registry Services Pty Limited has not been involved in, authorised or caused the issue of this Prospectus.

## **7.5 Estimated Expenses of Offer**

The estimated expenses of the Offers are approximately \$96,320 (if the Minimum Subscription is achieved) and \$264,700 (if the Offer is fully subscribed) including fees payable to Triple C, CPS, legal, ASIC, ASX and printing costs.

## **7.6 Litigation**

As at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

## **7.7 Privacy Act**

If you complete an application for New Securities, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

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

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

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

**7.8 Directors' Consent**

Each Director has consented to the lodgement of this Prospectus with the ASIC.  
Signed on behalf of the Directors pursuant to a resolution of the Board.



Craig Munro  
Chairman  
**Gulf Manganese Corporation Limited**

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## 8. CORPORATE DIRECTORY

### **Directors**

Craig Munro (Chairman)  
Hamish Bohannon (Managing Director)  
Paul O'Shaughnessy (Non-Executive Director)  
Andrew Wilson (Non-Executive Director)

### **Company Secretary**

Leonard Math

### **Lead Managers**

Triple C Consulting Pty Ltd  
5 Lindsay Street  
Perth WA 6000

CPS Capital Group Pty Ltd  
Level 45  
108 St Georges Terrace  
Perth WA 6000

### **Auditors\***

Somes Cooke  
Level 2, 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](mailto:info@gulfmanganese.com)  
Website: [www.gulfmanganese.com](http://www.gulfmanganese.com)

### **Share Registry\***

Automatic Registry Services  
Suite 1a, Level1  
7 Ventnor Avenue  
West Perth WA 6005

### **Solicitors**

Allion Legal  
Level 9, 863 Hay Street  
Perth WA 6000

**ASX Code:** GMC

**ABN:** 73 059 954 317

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

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## 9. GLOSSARY

**\$ and dollars** means Australian dollars, unless otherwise stated.

**Additional New Securities** means New Shares and New Options in addition to an Eligible Shareholder's Entitlement for which an applicant makes an Application.

**Application** means an application for New Shares and New Options under the Offer pursuant to the Entitlement and Acceptance Form.

**Application Money** means the money received from Eligible Shareholders in respect of their Application.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ABN 98 008 624 691) or the market operated by that entity, as the context requires.

**ASX Settlement** means ASX Settlement Pty Ltd (ABN 49 008 504 532).

**ASX Settlement Operating Rules** means the settlement operating rules of ASX Settlement.

**Board** means the board of Directors.

**CHESS** means ASX Clearing House Electronic Sub-register System.

**Company or Gulf** means Gulf Manganese Corporation Limited (ABN 73 059 954 317).

**Constitution** means the Company's Constitution as at the date of this Prospectus.

**Convertible Notes** means the unlisted convertible notes issued by the Company with a face value of \$10,000 on issue as at the date of the Prospectus.

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

**CPS** means CPS Capital Group Pty Ltd (ACN 088 055 636).

**Director** means directors of the Company at the date of this Prospectus and **Directors** has a corresponding meaning.

**Eligible Shareholders** means a Shareholder as at the Record Date other than a Non-qualifying Foreign Shareholder.

**Entitlement** means a Shareholder's entitlement to subscribe for New Shares and New Options offered by this Prospectus pursuant to the Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form attached to or accompanying this Prospectus.

**Existing Share** means a fully paid ordinary share in the capital of the Company on issue as at the Record Date.

**Listing Rules or ASX Listing Rules** means the official listing rules of the ASX.

**Minimum Subscription** means the minimum amount to be raised under the Offer, being the sum of \$500,000.

**New Option** means an Option exercisable at 0.5 cents on or before 21 April 2019 to be issued under this Prospectus on the basis of one New Option for every two New Shares subscribed for and issued under the Offer.

**New Securities** means the New Shares and New Options to be issued pursuant to this Prospectus.

**New Share** means a fully paid ordinary share in the capital of the Company to be issued pursuant to the Offer.

**Nominee** means CPS, Australian Financial Services Number 294 848, or such other person as approved by ASIC.

**Non-qualifying Foreign Shareholders** means a Shareholder whose registered address is not in Australia and New Zealand.

**Offer** means the offer to Eligible Shareholders of up to approximately 918,244,552 New Shares at an issue price of 0.2 cents per New Share on the basis of four (4) New Share for every one (1) Existing Share held at the Record Date, and 459,122,276 free attaching New Options on the basis of one (1) free attaching New Option for every two (2) New Shares subscribed for and issued to raise up to approximately \$1.8 million before costs.

**Official Quotation** means official quotation on ASX.

**Option** means an option to subscribe for a Share.

**Prospectus** means the prospectus constituted by this document.

**PT Gulf Mangan** means PT Gulf Mangan Group, a subsidiary of the Company.

**Record Date** means 5.00pm (WST) on 31 March 2016.

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

**Shareholder** means the holder of a Share.

**Shortfall** will occur if the Company does not hold successful valid Applications for all the New Shares and New Options offered by the Company pursuant to the Offer under this Prospectus by the closing date for the Offer, being 14 April 2016.

**Shortfall Securities** means New Shares and New Options for which successful valid Applications have not been received by the closing date for the Offer, being 14 April 2016.

**Triple C** means Triple C Consulting Pty Ltd (ABN 45 141 412 106).

**US person** has the meaning given to that term in Regulation S under the US Securities Act.

**US Securities Act** means the United States Securities Act of 1933, as amended.

**WST** means Australian Western Standard Time.