



# GULF MANGANESE CORPORATION LIMITED

78 Mill Point Road  
South Perth WA 6151  
Ph: +61 8 9367 9228  
Fx: +61 8 9367 9229  
Em: info@gulfmanganese.com  
www.gulfmanganese.com  
ACN: 059 954 317

24 March 2016

Dear Shareholder,

On 15 March 2016, Gulf Manganese Corporation Limited (**Company**) announced a capital raising of approximately \$1.8 million (before costs) through a renounceable issue of four (4) fully paid ordinary shares (**New Shares**) for every one (1) existing share to shareholders with registered addresses in Australia and New Zealand (**Eligible Shareholders**) held as at 5:00pm on 31 March 2016 (**Offer**). Subscribers to the Offer will also receive 1 free attaching option (**New Option**) for every 2 New Shares subscribed for and issued under the Offer

A prospectus in relation to the Offer was lodged with the Australian Securities and Investments Commission (**ASIC**) and ASX on 17 March 2016 (**Prospectus**) and will be mailed to Eligible Shareholders in accordance with the timetable below.

## Details of the Offer

Pursuant to the Offer, the Company will issue up to approximately 918,244,552 New Shares at an issue price of 0.2 cents per New Share and 459,122,276 free attaching New Options to raise approximately \$1.8 million before costs.

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

The Offer is not underwritten.

The New Shares will rank equally in all respects with the Company's existing shares. The New Options will be exercisable at 0.5 cents each on or before 21 April 2019. The Company will apply to the ASX for quotation of the New Shares and New Options.

Shareholders who choose not to take up their entitlement will receive no value in respect of their entitlement and their shareholding in the Company will be diluted.

## Timetable

The Company expects the Offer to be conducted in accordance with the following timetable:

RIGHTS ISSUE OFFER	Date
Lodgment Date	17 March 2016
"Ex" date and rights trading commences	30 March 2016
Record date to determine Entitlements for the Rights Issue Offer	31 March 2016
Prospectus with Entitlement and Acceptance Form dispatched	5 April 2016
Rights Issue Offer opens for receipt of Applications	5 April 2016



Developing Premium Indonesian Manganese Alloys





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Rights trading ends	7 April 2016
Closing date for acceptances for the Rights Issue Offer	5pm WST on 14 April 2016
New Shares and New Options quoted on a deferred settlement basis	8 April 2016
Notify ASX of under subscriptions for the Rights Issue 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

*The above dates are indicative only. The Company reserves the right to vary the above dates, subject to ASX Listing Rules and the Corporations Act.*

## Use of funds

The Directors intend to apply the proceeds from the Offer together with the Company's existing cash reserves for the following purposes:

- to further advance the Company's 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;
- 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).

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.

## 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.



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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





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Event	Convertible Notes	
	Minimum Subscription	Maximum Subscription
	<b>\$0.5 million</b>	<b>\$1.8 million</b>
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

Eligible Shareholders will receive a copy of the Prospectus and Entitlement and Acceptance Form shortly. You must follow the instructions on the Entitlement and Acceptance Form to take up your entitlements. Eligible Shareholders may also apply for additional New Shares in excess of their entitlement under the Offer.

Should you have any questions regarding the Offer you may contact the Company Secretary on +61 8 9367 9228 or consult your stockbroker or professional adviser.

A copy of the Prospectus may be viewed on the ASX website, or alternatively at the Company's website at [www.gulfmanganese.com](http://www.gulfmanganese.com).

The Company thanks you for your continuing support.

Yours faithfully,

Mr Hamish Bohannan  
**MANAGING DIRECTOR**  
**GULF MANGANESE CORPORATION LIMITED**



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24 March 2016

Dear Shareholder,

## RENOUNCEABLE RIGHTS ISSUE – NOTIFICATION TO INELIGIBLE SHAREHOLDERS

On 15 March 2016, Gulf Manganese Corporation Limited (**Company**) announced a capital raising of approximately \$1.8 million (before costs) through a renounceable entitlements issue of four (4) fully paid ordinary shares (**New Shares**) for every one (1) existing share held as at 5:00pm on 31 March 2016 to shareholders with registered addresses in Australia and New Zealand (**Offer**). Subscribers to the Offer will also receive 1 free attaching option (**New Option**) for every 2 New Shares subscribed for and issued under the Offer.

The Company has decided that it is unreasonable to make offers under the Offer to shareholders with a registered address outside Australia and New Zealand (**Non-Qualifying Foreign Shareholders**), having regard to the number of such shareholders, their holdings and the compliance costs required to offer the New Shares and New Options under the Rights Issue Offer to those shareholders.

Unfortunately, since you are a Non-Qualifying Foreign Shareholder, no offer is being made to you and the prospectus prepared by the Company in relation to the Offer will not be sent to you.

Although the Company is unable to extend you the opportunity to participate in the Offer directly, the Company has applied to the Australian Securities and Investments Commission (**ASIC**) for approval for CPS Capital Group Pty Ltd (ACN 088 055 636; AFSN 294 848) (**CPS**), as your nominee, to sell the entitlements to the New Shares and New Options (**Entitlements**) in accordance with ASX Listing Rule 7.7 and section 615 of the Corporations Act (**Act**).

As at the date of this letter, ASIC has not yet provided this approval. Subject to ASIC's approval for the purposes of section 615 of the Act, if there is a viable market in the Entitlements and a premium over the expenses of the sale can be obtained, CPS will sell the Entitlements. Any sale will be at prices and otherwise in a manner determined by CPS in its sole discretion. Neither the Company nor CPS will be held liable for any failure to sell the Entitlements or to sell the Entitlements at a particular price. The proceeds, after deducting costs, will be distributed to Non-Qualifying Foreign Shareholders for whose benefit the Entitlements are sold in proportion to their shareholdings as at the Record Date (31 March 2016).

This letter is not an offer to issue New Shares or New Options to you, nor an invitation for you to apply for New Shares or New Options.

You do not have to take any further action in relation to the Offer.

Should you have any questions regarding the Offer you may contact the Company Secretary on +61 8 9367 9228.

Yours faithfully,

Mr Hamish Bohannan  
**MANAGING DIRECTOR**  
**GULF MANGANESE CORPORATION LIMITED**



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