

Gulf Manganese Corporation Limited

ABN 73 059 954 317

Supplementary Prospectus

Important information

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read with the prospectus dated 15 June 2017 (**Prospectus**) issued by Gulf Manganese Corporation Limited ACN 059 954 317 (**Gulf or Company**).

This Supplementary Prospectus is dated 23 June 2017 and was lodged with ASIC on that date. Neither ASIC nor ASX take any responsibility as to the contents of this Supplementary Prospectus.

This Supplementary Prospectus should be read together with the Prospectus. Other than the changes set out in this Supplementary Prospectus, all other details in relation to the Prospectus remain unchanged. To the extent of any inconsistency between this Supplementary Prospectus and the Prospectus, the provisions of this Supplementary Prospectus will prevail. Unless otherwise indicated, terms defined and used in the Prospectus will have the same meaning in this Supplementary Prospectus.

The Directors believe that the changes in this Supplementary Prospectus are not materially adverse from the point of view of an investor. Accordingly, no action needs to be taken if you have already subscribed for Shares under the Prospectus.

The Company has issued both a printed and electronic version of this Supplementary Prospectus and the Prospectus. Electronic versions may be accessed at <http://gulfmanganese.com/announcements/>

This Supplementary Prospectus and the Prospectus are important documents that should be read in their entirety. If you are in any doubt as to the contents of this Supplementary Prospectus or the Prospectus, you should consult your stockbroker, lawyer, accountant or other professional adviser without delay.

1. SUPPLEMENTARY PROSPECTUS

1.1 Reasons for this Supplementary Prospectus

In accordance with the Corporations Act the Company has an obligation to update the Prospectus if it becomes aware of new information that is material to investors. Whilst the Company does not believe there is any materially adverse information, the purpose of this Supplementary Prospectus is to provide additional information to, and update, investors on circumstances pertaining to the Offer.

2. THE OFFER

2.1 Update on funds raised under the Offer

As at the date of this Supplementary Prospectus, the Company confirms that it has received \$7 million in Applications under the Offer, satisfying the minimum subscription amount of \$6 million. In addition, the Company has secured a subscription application of convertible notes for a sum of \$1 million on similar terms under the Offer, by BB Lee Superfund.

The Company intends to close the Offer at 5:00pm (WST) on 23 June 2017.

2.2 Subscription Agreements

(a) Tanah Subscription Agreement

Section 5.1(a) of the Prospectus disclosed the terms on which the Company and Tanah Capital had executed the Tanah Subscription Agreement on 7 April 2017. As disclosed in section 4.2(f) of the Prospectus, completion of tranche two was to occur on satisfaction of the conditions precedent before

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30 June 2017. At the date of the Prospectus, the executed Land Lease Agreement was considered unacceptable by Tanah Capital in satisfying a condition precedent contained in the Tanah Subscription Agreement.

On 19 June 2017, the Company received notice from Tanah Capital that it would not proceed with the second tranche subscription and terminated the Tanah Subscription Agreement. Accordingly Tanah Capital's right to appoint a director of the Company and to nominate a president commissioner and director of PT Mangan Grup ceases and the Company will not issue any New Shares or New Options to Tanah Capital under the Offer.

(b) BB Lee Superfund Subscription Agreement

As announced on 22 June 2017, BB Lee Superfund is satisfied with the Land Lease Agreement condition precedent and will proceed to subscribe for the second tranche of New Shares and New Options under the BB Lee Superfund Subscription Agreement.

BB Lee Superfund will not be entitled to exercise their right to nominate a director of the Company nor to nominate a president commissioner and director of PT Mangan Grup as BB Lee Superfund and Tanah Capital (in aggregate) do not hold a Relevant Interest in 15% or more of the Shares on issue in the Company.

2.3 Subscription Agreements

The Company has entered into agreements with each of Messrs Ali Santoso Halim, Team Whatt Lee and Hwa Poh Tan (**Incoming Investors**) to invest \$4.5 million into the Company.

The Incoming Investors have agreed to invest in the following amount:

- (a) (**Mr Ali Santoso Halim**): 100,000,000 New Shares and 150,000,000 New Options for a sum of \$1.5 million;
- (b) (**Mr Team Whatt Lee**): 66,666,667 New Shares and 100,000,000 New Options for a sum of \$1 million ; and
- (c) (**Mr Hwa Poh Tan**): 133,333,333 New Shares and 200,000,000 New Options for a sum of \$2 million.

As at the date of this Supplementary Prospectus, the Company has received in aggregate \$500,000 from the Incoming Investors under the Offer, with a binding commitment to invest the remaining \$4 million on the same terms as the Offer by no later than 30 September 2017.

The remaining \$4 million will be conducted via a placement to the Incoming Investors and the Company will lodge an Appendix 3B after completion of the issue of New Shares and Options.

Assuming no other Shares are issued and the convertible notes have not been converted, the Incoming Investors will hold the following interests in the Company post completion of the placement:

Incoming Investors	Shares	Relevant Interest %
Ali Halim	100,000,000	4.33%
Team Whatt Lee	66,666,667	2.89%
Hwa Poh Tan	133,333,333	5.78%

2.4 Convertible Note

On 22 June 2017 BB Lee Superfund subscribed for convertible notes with an aggregate value of \$1 million (**Notes**). The Company intends to issue the Notes on Monday, 26 June 2017.

The Notes will be issued on the following terms:

- (a) (**Amount**): \$10,000 per Note.
- (b) (**Coupon**): 8% per annum.
- (c) (**Term**): 2 years from the date of issue.

- (d) **(Interest payments):** Payable monthly in arrears.
- (e) **(Ranking):** Senior in obligation of payment to any future indebtedness including dividends.
- (f) **(Security):** The Notes are unsecured.
- (g) **(Conversion):**
- (1) A Note converted prior to 21 August 2017 will be converted into 666,667 New Shares at an issue price of \$0.015 per New Share with 3 free attaching New Options for every 2 New Shares issued, exercisable at \$0.005 each expiring on 21 April 2019.
 - (2) A Note converted after 21 August 2017 will be converted into New Shares at an issue price of \$0.015 per New Share.
- (h) **(Redemption):** After 3 months from the date of issue of the Note, each Note may be redeemed at BB Lee Superfund's option with 1 month notification to the Company. Upon expiry of the Term all outstanding Notes will be redeemed in full.

The funds raised from the Note were introduced to the Company by Triple C Consulting and, together with \$7 million in Applications, will trigger the Company's obligation to issue 80,000,000 Lead Manager Options as payment of the Success Fee under the Lead Manager Mandate.

3. AMENDMENTS TO THE PROSPECTUS

3.1 Use of Funds Table

Section 2.1 of the Prospectus is replaced with the table, notes and statements below:

The Company intends to use any funds raised from the Offers for the purposes set out below:

Use of funds	Minimum Subscription (\$6m)	Amount Raised (\$8m) ¹	Maximum Subscription (\$12m)
Balance of payment – acquisition of furnaces	666,666	666,666	666,666
Refurbishment of smelters	1,797,333	1,797,333	1,797,333
Earthworks, geotechnics and civil works at Bolok	1,500,000	1,500,000	1,500,000
Engineering and fabrication works	800,000	800,000	3,400,000
Structural costs	-	750,000	2,348,013
Contract costs	566,667	1,754,092	1,016,667
Expenses of the offer	399,320	461,820	771,320
Working capital	270,089	270,164	500,076
Total	6,000,075	8,000,075	12,000,075

¹ This is the aggregate amount raised under the Offer and the \$1 million raised under the Notes.

3.2 Updated Capital Structure

Section 2.2 of the Prospectus is replaced with the table, notes and statements below:

The effect of the Offers on the capital structure of the Company is set out below.

Shares	Minimum Subscription (\$6m)	Applications received under the Offer (\$7m)	Maximum Subscription (\$12m)
Shares currently on issue	1,571,183,253	1,571,183,253	1,571,183,253
Shares offered pursuant to this Prospectus	400,005,000	466,666,667	800,005,000
Total Shares on issue after completion of the Offer	1,971,188,253	2,037,849,920	2,371,188,253

Listed Options (exercisable at \$0.005 expiring 21 Apr 2019)	Minimum Subscription (\$6m)	Applications received under the Offer (\$7m)	Maximum Subscription (\$12m)
Listed Options currently on issue	461,823,967	461,823,967	461,823,967
Listed Options offered pursuant to this Prospectus	600,000,000	700,000,000	1,200,000,000
Lead Manager Options	40,000,000	80,000,000 ¹	80,000,000
Total Listed Options on issue after completion of the Offers	1,101,823,967	1,241,823,967	1,741,823,967

¹ In accordance with the Success Fee payable under the Lead Manager Mandate.

Unlisted Options	Minimum Subscription (\$6m)	Applications received under the Offer (\$7m)	Maximum Subscription (\$12m)
Unlisted Options exercisable at \$0.0196 expiring 30 Sep 2018	51,925,917	51,925,917	51,925,917
Unlisted Options exercisable at \$0.0196 expiring 21 Feb 2018	10,000,000	10,000,000	10,000,000
Unlisted Options exercisable at \$0.0496 expiring 30 Sep 2018	15,000,000	15,000,000	15,000,000
Unlisted Options exercisable at \$0.3746 expiring 31 July 2017	13,900,000	13,900,000	13,900,000
Unlisted Options exercisable at \$0.2496 expiring 31 Dec 2018	7,500,000	7,500,000	7,500,000
Unlisted Options exercisable at \$0.02 expiring 5 Sep 2021	50,000,000	50,000,000	50,000,000

Unlisted Options exercisable at \$0.02 expiring 5 Sep 2021	24,000,000	24,000,000	24,000,000
Total unlisted Options on issue after completion of the Offers	172,325,917	172,325,917	172,325,917

Total issued Options on completion of the Offers	1,274,149,884	1,414,149,884	1,914,149,884
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Convertible Notes	Minimum Subscription (\$6m)	Applications received under the Offer (\$7m)	Maximum Subscription (\$12m)
Convertible Notes currently on issue	100	100	100
Convertible Notes offered pursuant to this Prospectus	Nil	Nil	Nil
Total Convertible Notes on issue after completion of the Offer	100	100	100

3.3 Statement of Financial Position

Set out below is the Consolidated Statement of Financial Position of the Company as at 31 December 2016 (reviewed), based on \$8 million raised in funds.

The significant accounting policies upon which the Consolidated Statement of Financial Position and the Consolidated Pro-forma Statement of Financial Position are based, are contained in the Company's Annual Report (audited) for year ended 30 June 2016.

	Reviewed 31 Dec 2016 AUD\$	\$8M Proforma 31 Dec 2016 AUD\$
ASSETS		
CURRENT ASSETS		
Cash	689,512	9,250,692
Trade and other receivables	160,798	160,798
Total Current Assets	850,310	9,411,490
NON CURRENT ASSETS		
Property, Plant and Equipment	1,717,802	1,717,802
Total Non Current Assets	1,717,802	1,717,802

TOTAL ASSETS	2,568,112	11,129,292
LIABILITIES		
CURRENT LIABILITIES		
Convertible Notes		1,000,000
Trade and other payables	462,452	462,452
Share application funds received	750	-
Total Current Liabilities	463,202	1,462,452
TOTAL LIABILITIES	463,202	1,462,452
NET ASSETS	2,104,910	9,666,840
EQUITY		
Contributed equity	25,311,144	32,873,074
Accumulated losses	-29,407,948	-29,407,948
Options reserve	6,201,714	6,201,714
NET EQUITY	2,104,910	9,666,840

Notes:

The Pro-forma Statement of Financial Position has been prepared based on the following inclusions:

(i) share application funds received of \$750 have been converted to Shares;

(ii) completion of the Interim Raise placement of 204,600,000 Shares at a price of \$0.005 per Share, raising \$1,023,000;

(iii) the loan agreement with Tanah Capital dated 6 March 2017 was repaid in full on 19 April 2017; and

(iv) the issue of Notes to BB Lee Superfund for an aggregate value of \$1,000,000 (please see section 2.4 above).

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4. DIRECTORS' AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with ASIC and has not withdrawn that consent prior to lodgement.

Signed for and on behalf of the Company on 23 June 2017.



Craig Munro
Chairman
Gulf Manganese Corporation Limited

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