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**ASX Announcement  
16 February 2017**

ASX Compliance Pty Limited  
20 Bridge Street  
Sydney NSW 2000

By email: Hayley.Pratt@asx.com.au;  
Copied: Elizabeth.Harris@asx.com.au

Dear Hayley,

**ASX Query – Cornerstone Investment**

We refer to your enquiry letter dated 10 February 2017 in relation to the Cornerstone Investor, Mr Marthen Amtiran ("Pak Marthen"). Please kindly find our responses below to your queries:

1. In the Company's announcements on 2 December 2016, 23 January 2017 and 1 February 2017, ("Announcements") the Company disclosed that funding from Pak Marthen had been delayed. Did the Company make any further due diligence enquiries on the capacity of Pak Marthen to meet his funding obligations under the term sheet agreement announced on 5 August 2016 ("Agreement") due to these delays?

Yes.

2. If the answer to question 1 is "yes", please advise what enquiries were made and what was the result of those enquiries?

Since the announcement made on the 15 November 2016 – "Gulf Finalises Terms for US\$10 Million Cornerstone Investment", the Company has been in regular contact with Pak Marthen and his advisors regarding completion of the investment.

Based on these discussions, the Company continued to believe in the capacity of Pak Marthen to complete the initial US\$10M investment into PT Gulf Mangan Grup. In this regard see the announcement dated 2 December 2016 and 23 January 2017 by the Company.

Gulf has maintained ongoing contact with Pak Marthen and his advisers to ensure no further information was outstanding. Pak Marthen confirmed on a number of occasions that there was no further information or documentation required to satisfy himself to complete the investment.

As announced to ASX on 1 February 2017, notwithstanding that the Company had provided all information required by Pak Marthen and the existence of a binding terms sheet, the Company received an alternative proposal on materially different terms. The Company is in discussion with Pak Marthen and has resolved to give him until Saturday, 18<sup>th</sup> February 2017 to deposit his funds.

3. If the answer to question 1 is “no”, please advise on what basis the Company considered it was not necessary to conduct further due diligence?

Not applicable

4. Given the Announcements, what reasons were provided by Pak Marthen for the delay in settling his funding obligations under the Agreement?

Please refer to the announcement dated 23 January 2017 in this regard. The Company was not aware of any other reasons for Pak Marthen in delaying his settlement under the Agreement.

Throughout the period, Pak Marthen has continued to state his support for the investment. He has made a number of trips from Kupang to Jakarta to expedite the funding, blaming the delays on his internal finance arrangements.

5. What was the due diligence process undertaken by Pak Marthen prior to making a decision to invest in the Company?

To the extent that the Company is aware, the due diligence process undertaken by Pak Marthen included the following:

- Meeting the all Board members and management team of Gulf
- Site visits
- Review of the project work plan and budget spreadsheet
- Meetings and discussions in Jakarta and Kupang in the presence of and as recorded by public notary

Being provided the following:

- All documentation in relation to the Groups’ incorporation
- All documentation in relation to the licenses of PT Gulf for operating as a smelter processing plant
- Past audited financial statements of the Group
- Intellectual property of the Group in relation to the Kupang Smelter Hub

6. Please confirm that the Company is in compliance with the Listing Rules, and in particular, Listing Rule 3.1.

The Company confirms that is it in compliance with it continuous disclosure obligations under Listing Rule 3.1.

7. Please confirm that GMC's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of GMC with delegated authority from the board to respond to ASX on disclosure matters.

The Company confirms that Gulf's responses to the questions above have been authorised and approved by the Board.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Hamish Bohannon', with a stylized, cursive script.

**Hamish Bohannon**  
**Managing Director**



10 February 2017

Mr Leonard Math  
Company Secretary  
Gulf Manganese Corporation Limited  
T2, 152 Great Eastern Highway  
ASCOT WA 6104

By email: [lmath@gulfmanganese.com](mailto:lmath@gulfmanganese.com)

Dear Mr Math

**Gulf Manganese Corporation Limited ("GMC")**

ASX Limited ("ASX") refers to the following.

- A. GMC's announcement of 5 August 2016 entitled "Gulf Secures US\$10M Cornerstone Investment" disclosing amongst other things:

*Gulf Manganese Corporation Limited (ASX: GMC) ("Gulf" or "the Company") is pleased to advise that it has entered into a binding term sheet with Marthen Amtiran ("Pak Marthen") for the investment of US\$10 million in Gulf's Indonesian-based subsidiary PT Gulf Mangan Grup ("PT Gulf"), for a 10% interest in PT Gulf (subject to any regulatory approval).*

*Pak Marthen will pay a non-refundable deposit of US\$0.2M within 5 business days of the signing of this Term Sheet. The balance of US\$9.8M will be paid within 5 business days of Bupati providing a written recommendation of the Kupang Smelter Project to the Governor of the Province of NTT.*

*Following the initial US\$10 million investment, Pak Marthen will have a six month option to purchase an additional 5% interest in PT Gulf for US\$7 million. Pak Marthen will be entitled to one board representative on Gulf.*

- B. GMC's announcement of 15 August 2016 entitled "Company Update on Cornerstone Investor" disclosing amongst other things:

*Gulf Manganese Corporation Limited (ASX:GMC) ("Gulf" or "the Company") advises that it has received a Certificate of Deposit for US\$200,000 from Marthen Amitran ("Pak Marthen") following the signing of a term sheet on the 5<sup>th</sup> of August.*

*Under the term sheet, the proposed cornerstone investment from Pak Marthen is US\$10 million for 10% equity in Gulf's Indonesian-based subsidiary PT Gulf Mangan Group ("PT Gulf") – including a six month option to invest a further US\$7 million.*

*The remaining funds, being US\$9,800,000 will be deposited within seven days of the granting of relevant permits and licenses to operate the Kupang Smelting Hub. This initial deposit demonstrates Pak Marthen's commitment to fund the development of the Kupang Smelting Hub.*

- C. The announcement of 15 August 2016 entitled “Response to ASX Query” which, in response to ASX’s question of what (if any) due diligence enquiries were undertaken by GMC on the financial and other capacity of Pak Marthen to perform his obligations in relation to the transaction referred to in the 5 August 2016 announcement, disclosed amongst other things:

*Prior to executing the term sheet, the Company has had numerous meetings with Pak Marthen and he recognises the extent of his undertaking and is adamant that the smelting hub should provide wealth to the communities of NTT and more particularly Kupang.*

*Consistent with this and after request from the Company in response to ASX questions, Pak Marthen has been prepared to provide to the Company evidence of his financial standing. This has included the opportunity for the Company to review financial statements and financial instruments associated with Pak Marthen. This information supports the view of the Company that Pak Marthen has the financial capacity and standing to complete his obligations as disclosed by the Company to ASX.*

*The Company also notes that Pak Marthen has now paid the deposit of US\$200,000 to the Company.*

- D. GMC’s announcement of 15 November 2016 entitled “Gulf Finalises Terms for US\$10M Cornerstone Investment” disclosing amongst other things:

*Gulf Manganese Corporation Limited (ASX: GMC) (“Gulf” or “the Company”) is pleased to advise that it has signed a binding term sheet with Marthen Amtiran (“Pak Marthen”) for the investment of US\$10 million in Gulf’s Indonesian-based subsidiary PT Gulf Mangan Group (“PT Gulf”), for a 10% interest in PT Gulf.*

*Following the granting of site approval from the Governor of East Nusa Tenggara in early October, Gulf advised that minor amendments would be negotiated to the original term sheet entered into with Pak Marthen, which was disclosed on August 5<sup>th</sup> 2016. These amendments have now been finalised, allowing for the initial US\$10 million investment to be made within 21 days of signing this agreement.*

- E. GMC’s announcement of 2 December 2016 entitled “Gulf Cornerstone Investment Update” disclosing amongst other things:

*Gulf Manganese Corporation Limited (ASX: GMC) (“Gulf” or “the Company”) is pleased to advise that it has received approval from Badan Koordinasi Penanaman Modal (“BKPM”) and the Ministry of Law and Human Rights for the investment of the US\$10 million for 10% equity in PT Gulf Mangan Grup (“PT Gulf”).*

*These approvals enable Pak Marthen to finalise his investment of US\$10 million for 10% equity in PT Gulf, and with all documentation now signed the Company expects the funding to be received next week.*

*Gulf will provide a further update to the market upon receipt of funds.*

- F. GMC’s announcement of 23 January 2017 entitled “Gulf Company Update” disclosing amongst other things:

*Pak Marthen is simultaneously funding another unrelated project as well as the PT Gulf Investment, and due to some unforeseen processing issues related to the transfer of funds there have been delays in PT Gulf receiving this investment.*

*As a result, Gulf has made the prudent decision to explore alternate funding avenues whilst the investment from Pak Marthen is finalised, and will provide a further update to shareholders on these funding discussions shortly.*

*Gulf is continuing to work closely with Pak Marthen and expects the funds to be deposited in two tranches – first tranche imminently and the second tranche by mid-February. The Company will remain suspended until the issues are resolved and funds are placed with the PT Gulf.*

- G. GMC's announcement of 1 February 2017 entitled "Cornerstone Investment Update" disclosing amongst other things:

*As previously advised, Gulf Manganese Corporation Limited's (ASX: GMC) ("Gulf" or "the Company") entered into a binding term sheet with Marthen Amtiran "Pak Marthen" for the investment of US\$10 million into Gulf's Indonesian-based subsidiary PT Gulf Mangan Grup ("PT Gulf"), for a 10% interest in PT Gulf. The timetable set by the Company has now passed and a counter offer on substantially different terms has been proposed by Pak Marthen. This proposal is in the process of being evaluated by the Board.*

*The Company will remain suspended until the issues are resolved. The Company requests the voluntary suspension remain in place until the Company makes an announcement to the market, which it expects to make no later than on Thursday, 16<sup>th</sup> February 2017.*

#### **Listing Rules and Guidance**

- H. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

- I. The definition of "aware" in Chapter 19 of the Listing Rules. This definition states that:

*"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."*

Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information?"*

- J. ASX's policy position on the concept of "the contents of announcements under Listing Rule 3.1" which is detailed in section 4.15 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "Guidelines on the contents of announcements under Listing Rule 3.1"*. In particular, the Guidance Note states as follows.

*"Wherever possible, an announcement under Listing Rule 3.1 should contain sufficient detail for investors or their professional advisers to understand its ramifications and to assess its impact on the price or value of the entity's securities."*

*"It is open to an entity which signs a market sensitive agreement to lodge a copy of the agreement on the ASX Market Announcements Platform, if it wishes to do so. This will help to reduce the amount of material about the agreement that needs to be included in its announcement and also avoid any issues about whether any material terms of the agreement have been properly disclosed. However, ASX recognises that there are cases where an entity will not wish to lodge a copy of an agreement on the ASX Market Announcements Platform. In those cases, the announcement about*

*the agreement should contain a fair and balanced summary of the material terms of the agreement and include any other material information that could affect an investor's assessment of its impact on the price or value of the entity's securities."*

*"An announcement under Listing Rule 3.1 must be accurate, complete and not misleading."*

- K. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

*"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

*3.1A.1 One or more of the following 5 situations applies:*

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

*3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

*3.1A.3 A reasonable person would not expect the information to be disclosed."*

- L. Listing Rule 18.7, which states as follows.

*"An entity must give ASX any information, document or explanation that ASX asks for to enable it to be satisfied that the entity is, and has been, complying with the Listing Rules. The entity must do so within the time specified by ASX. ASX may submit, or require the entity to submit, any information given to ASX to the scrutiny of an expert selected by ASX. The entity must pay for the expert."*

Pursuant to Listing Rule 18.7, ASX requires the Company to answer the following questions in a format suitable for release to the market.

1. In the Company's announcements on 2 December 2016, 23 January 2017 and 1 February 2017, ("Announcements") the Company disclosed that funding from Pak Marthen had been delayed. Did the Company make any further due diligence enquiries on the capacity of Pak Marthen to meet his funding obligations under the term sheet agreement announced on 5 August 2016 ("Agreement") due to these delays?
2. If the answer to question 1 is "yes", please advise what enquiries were made and what was the result of those enquiries?
3. If the answer to question 1 is "no", please advise on what basis the Company considered it was not necessary to conduct further due diligence?
4. Given the Announcements, what reasons were provided by Pak Marthen for the delay in settling his funding obligations under the Agreement?

5. What was the due diligence process undertaken by Pak Marthen prior to making a decision to invest in the Company?
6. Please confirm that the Company is in compliance with the Listing Rules, and in particular, Listing Rule 3.1.
7. Please confirm that GMC's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of GMC with delegated authority from the board to respond to ASX on disclosure matters.

**When and where to send your response**

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **12:00 pm AWST on 16 February 2017**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, GMC's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at [Hayley.Pratt@asx.com.au](mailto:Hayley.Pratt@asx.com.au) and to [tradinghaltspert@asx.com.au](mailto:tradinghaltspert@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

*[sent electronically without signature]*

Hayley Pratt  
**Adviser, Listings Compliance Perth**