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gulf

James Rowe
ASX Compliance Pty Ltd
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

15th August 2016

Dear James,

ASX Query

We refer to ASX's letter to the Company dated 9 August 2016 in relation to the "Cornerstone Investment" announcement made on 5th August 2016.

Please kindly find our responses to your queries:

1. *Please advise the date the terms sheet was executed by GMC and Pak Marthen.*

The Term sheets was executed by GMC and Pak Marthen on 5th August 2016.

2. *Please advise 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 Announcement prior to signing the term sheet.*

Background on Pak Marthen

Pak Marthen, who is also recognised as Urif Amtiran was born in 1942 in Baun village, Kabupaten Kupang, NTT Province, Indonesia. Pak Marthen is the head of a family that has ruled, lived and worked in Kupang since the 17th century and is regarded as a pillar of the community. His family were the first Kings of Timor from Amarasi and ruled over 40 minor kingdoms.

Pak Marthen completed his University at the University National Jakarta, Indonesia between 1962 – 1965. His business career began with State Coal Mining Indonesia (named **Tambang Batubara Negara Indonesia**) as the Head of Protocol between 1963 and 1966. He subsequently worked with **BAPINDO** (Bank Pembangunan Indonesia - Indonesian Development Bank) between 1966 and 1971.

In 1971, Pak Marthen founded and developed PT Semen Kupang, a cement factory in Kupang including securing finance from overseas investors where he worked until 1991. Between 1992 and 2000, he was the sole agent of Astra International Group for NTT area and East Timor. Pak Marthen retired in 2000 and currently lives in Kupang.

Financial capacity

In Kupang, Pak Marthen is known as a wealthy individual who had worked with Indonesia's largest companies and was closely associated with Astra International Group. In the business community in Kupang, it is recognised that he is philanthropic in his approach to the community in Kupang and they estimate his wealth to be in excess of USD\$150 million.



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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. Please refer to the announcement dated 15th August 2016 by the Company in this regard.

Pak Marthen is an Indonesian high net worth who is passionate about the project as it will provide significant opportunity for the communities in the province.

3. *Please advise what information the Company now has in its possession about the financial and other capacity of Pak Marthen to perform his obligations in relation to the transaction.*

As per above (2).

4. *Please confirm that the Company is in compliance with its continuous disclosure obligations under Listing Rule 3.1, given the disclosures it has made about the terms sheet and Pak Marthen in the Announcement.*

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



Hamish Bohannan
Managing Director



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9 August 2016

Mr Leonard Math
Company Secretary
Gulf Manganese Corporation Limited

By email: leonard.math@nexiaperth.com.au

Dear Mr Math

GULF MANGANESE CORPORATION LIMITED ("GMC")

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

- GMC's announcement of 5 August 2016 entitled *Gulf Secures US\$10M Cornerstone Investment* ("the Announcement") 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.

- ASX's Compliance Update 7/16 released on 25 July 2016 that included the following:

Continuous Disclosure - Naming Counterparties to Material Transactions

ASX has recently identified a number of instances where listed entities have announced a material transaction without disclosing the identity of the other party or parties to the transaction. The transactions have included binding and non-binding terms sheets or memoranda of understanding for acquisitions or disposals of assets, off-take agreements, distribution agreements, strategic investments and financing arrangements.

ASX considers that if a transaction is sufficiently material to warrant disclosure under Listing Rule 3.1, the identity of the other party or parties will generally itself be material information that must also be disclosed under that rule. Such information is required by investors and their professional advisers to understand the ramifications of the transaction and to assess its impact on the price or value of the entity's securities.

Where there is little or no information regarding the other party or parties in the public domain (for example, because they are private companies), the announcement should also include a summary of the due diligence undertaken by the listed entity on their financial and other capacity to perform their obligations in relation to the transaction.

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If ASX finds instances where a listed entity has not disclosed an appropriate level of information about the other party or parties to a material transaction, ASX will not hesitate to suspend trading in the entity's securities until the information has been released to the market.

Listed entities are also reminded that they must comply with their disclosure obligations under Listing Rule 3.1, even where they are party to a confidentiality or non-disclosure agreement that might otherwise require them to keep information confidential. ASX therefore will not accept as an excuse from a listed entity for not disclosing an appropriate level of information about the other party or parties to a material transaction that the entity is subject to confidentiality obligations prohibiting that disclosure.

For further information, entities should refer to ASX Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 - 3.1B.

- ASX's requests on 5 August and 8 August 2016 for additional disclosure by GMC about Pak Marthen in light of the above Compliance Update.

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Please advise the date the terms sheet was executed by GMC and Pak Marthen.
2. Please advise 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 Announcement prior to signing the term sheet.
3. Please advise what information the Company now has in its possession about the financial and other capacity of Pak Marthen to perform his obligations in relation to the transaction.
4. Please confirm that the Company is in compliance with its continuous disclosure obligations under Listing Rule 3.1, given the disclosures it has made about the terms sheet and Pak Marthen in the Announcement.

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 4pm on Wednesday, 10 August 2016.

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, the Entity'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 james.rowe@asx.com.au.



Listing Rule 3.1

Listing Rule 3.1 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 entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B.

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

Yours sincerely,

[sent electronically without signature]

James Rowe

Manager, Listings Compliance (Perth)

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