

**MANALTO LIMITED [ACN 098 640 352]**  
 (“the Company”)

**STATEMENT OF COMPLIANCE WITH ASX CORPORATE GOVERNANCE COUNCIL RECOMMENDATIONS**

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<b>Principle 1: Lay solid foundations for management and oversight</b>		
<p><b>Recommendation 1.1</b></p> <p>A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the Board, the chair and management; and includes a description of those matters expressly reserved to the Board and those delegated to management.</p>	YES	<p>The Company has adopted a Corporate Governance Charter.</p> <p>The Corporate Governance Charter sets out the specific responsibilities of the Board, requirements as to the Board’s composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Director’s access to Company records and information, details of the Board’s relationship with management, details of the Board’s performance review and details of the Board’s disclosure policy.</p> <p>A copy of the Company’s Corporate Governance Charter is available on the Company’s website.</p>
<p><b>Recommendation 1.2</b></p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>• undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</li> <li>• provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</li> </ul>	YES	<p>The Company’s Corporate Governance Charter has detailed guidelines for the appointment and selection of the Board which requires the undertaking of appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director.</p> <p>Whilst at this stage it is not practical for the Company to establish a Nomination Committee (due to the nature of the Company’s current and proposed business structure, financial capacity and objectives) all Directors will be involved in the search and recruitment for new or replacement members of the Board. This process would include undertaking appropriate checks before appointing a person, or putting forward to security holders a person for election, as a Director.</p> <p>All material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in a Notice of Meeting pursuant to which resolutions to elect or re-elect a Director will be voted on.</p>

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<p><b>Recommendation 1.3</b></p> <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	YES	<p>All Directors and senior executives have written agreements with the Company which set out the terms of that Director’s appointment.</p> <p>Please see Recommendation 1.2 in relation to the establishment of a Nomination Committee.</p>
<p><b>Recommendation 1.4</b></p> <p>The company secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.</p>	YES	<p>The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. The Company Secretary is accountable directly to the Board.</p>
<p><b>Recommendation 1.5</b></p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>• have a diversity policy which includes requirements for the Board: <ul style="list-style-type: none"> <li>(i) to set measurable objectives for achieving gender diversity; and</li> <li>(ii) to assess annually both the objectives and the entity’s progress in achieving them;</li> </ul> </li> <li>• disclose that policy or a summary of it; and</li> <li>• disclose as at the end of each reporting period: <ul style="list-style-type: none"> <li>(i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity’s diversity policy and its progress towards achieving them; and</li> <li>(ii) either: <ul style="list-style-type: none"> <li>(a) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); or</li> <li>(b) the entity’s “Gender Equality Indicators”, as defined in the Workplace Gender Equality Act 2012.</li> </ul> </li> </ul> </li> </ul>	PARTIALLY	<p>The Company has adopted policies on diversity which are contained in the Corporate Governance Charter.</p> <p>Whilst the Company’s policies on diversity provide a framework for the Company to achieve a list of measurable objectives that encompass gender equality, it does not propose to establish measurable gender diversity objectives in the foreseeable future as:</p> <ul style="list-style-type: none"> <li>• the Company’s senior management team are experienced and stable and we do not intend to make changes in the near future; and</li> <li>• the Company is strongly committed to making all selection decisions on the basis of merit and the setting of specific objectives for the quantum of males/females at any level would potentially influence decision making to the detriment of the business.</li> </ul> <p>The Company’s diversity policies provide for the monitoring and evaluation of the scope and currency of the diversity polices.</p> <p>The Company’s policies on diversity are contained in the Corporate Governance Charter which is available on the company website.</p> <p>The Company does not propose to establish measurable gender diversity objectives at this stage. See above.</p>
<p><b>Recommendation 1.6</b></p> <p>A listed entity should:</p>	YES	<p>The Chairman and/or Corporate Manager are responsible for evaluating the performance of the Board, its committees and individual directors on an annual basis. They may do so with the aid of an independent advisor. Please see</p>

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<ul style="list-style-type: none"> <li>have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and</li> <li>disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>		<p>explanation at Recommendation 1.2 in relation to the convening of a Nomination Committee</p> <p>Details of the performance evaluations conducted will be provided in the Company's Annual Reports.</p>
<p><b>Recommendation 1.7</b></p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	YES (when applicable)	<p>At this stage, it is not practical for the Company to establish a Remuneration Committee due to the nature of the Company's current and proposed business structure, financial capacity and objectives.</p> <p>A statement as to whether a performance evaluation was conducted in the relevant reporting period will be disclosed annually in the Company's Annual Report.</p>
<b>Principle 2: Structure the Board to add value</b>		
<p><b>Recommendation 2.1</b></p> <p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> <li>have a nomination committee which: <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are Independent Directors; and</li> <li>(ii) is chaired by an Independent Director,</li> </ul> </li> </ul> <p>and disclose:</p> <ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <ul style="list-style-type: none"> <li>if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, experience,</li> </ul>	PARTIALLY	<p>The Company does not currently have a Nomination Committee, see Recommendation 1.2 for further details in relation to the Nomination Committee.</p> <p>If a Nomination Committee is established in the future a nomination charter will be adopted as part of the Company's Corporate Governance Policies. Should a committee be established, details of the members of each Committee will be provided in the Annual Report.</p>

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independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.		
<p><b>Recommendation 2.2</b></p> <p>A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p>	YES	Full details as to each director and senior executive's relevant skills and experience are set out in the Company's Replacement Prospectus dated 29 January 2015 and will be published in the Annual Report.
<p><b>Recommendation 2.3</b></p> <p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>• the names of the directors considered by the Board to be Independent Directors;</li> <li>• if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and</li> <li>• the length of service of each director</li> </ul>	YES	<p>The Corporate Governance Charter provides for the disclosure of the names of Directors considered by the Board to be independent. The Chair of the Company, David Fletcher, is the only independent director.</p> <p>The Corporate Governance Charter requires Directors to disclose their interest, positions, associations and relationships and requires that the independence of Directors is regularly assessed by the Board in light of the interests disclosed by Directors. Details of the Directors interests, positions associations and relationships are provided in the Company's Replacement Prospectus dated 29 January 2015 and in future Annual Reports.</p> <p>The length of service of each Director will be provided in future annual reports.</p>
<p><b>Recommendation 2.4</b></p> <p>A majority of the Board of a listed entity should be Independent Directors.</p>	NO	David Fletcher is considered independent. The Company will reconsider its position in relation to the new appointments in the future and make any appointment it deems necessary.
<p><b>Recommendation 2.5</b></p> <p>The chair of the Board of a listed entity should be an Independent Director and, in particular, should not be the same person as the CEO of the entity.</p>	YES	The Corporate Governance Charter provides that where practical, the Chairman of the Board will be an independent Non-Executive Director. The Chairman David Fletcher, is independent.
<p><b>Recommendation 2.6</b></p> <p>A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.</p>	PARTIALLY	The Company is committed to procuring appropriate professional development opportunities for Directors so that they may develop and maintain the skills and knowledge needed to perform their role as Directors effectively, whether this be by way of informal program or otherwise. The Company intends to amend its Corporate Governance Charter to explicitly reflect this commitment.
<b>Principle 3: Act ethically and responsibly</b>		

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<p><b>Recommendation 3.1</b></p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>• have a code of conduct for its directors, senior executives and employees; and</li> <li>• disclose that code or a summary of it.</li> </ul>	YES	<p>The Corporate Code of Conduct applies to the Company's directors, senior executives and employees. The Company's Corporate Code of Conduct is available on the Company's website and forms part of the Corporate Governance Charter.</p>
<b>Principle 4: Safeguard integrity in corporate reporting</b>		
<p><b>Recommendation 4.1</b></p> <p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> <li>• have an audit committee which: <ul style="list-style-type: none"> <li>(i) has at least three members, all of whom are Non-Executive Directors and a majority of whom are Independent Directors; and</li> <li>(ii) is chaired by an Independent Director, who is not the chair of the Board,</li> </ul> and disclose: <ul style="list-style-type: none"> <li>(iii) the Charter of the Committee;</li> <li>(iv) the relevant qualifications and experience of the members of the committee; and</li> <li>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>• if it does not have an Audit Committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</li> </ul>	PARTIALLY	<p>At this stage, it is not practical for the Company to establish an Audit and Risk Committee due to the nature of the Company's current and proposed business structure, financial capacity and objectives.</p> <p>Whilst the Company doesn't have an audit committee, it will follow the Audit and Risk Management policies set out in the Corporate Governance Charter where possible and is confident that this will independently verify and safeguard the integrity of its financial reporting.</p> <p>The Company's Audit and Risk Management policies form part of the Corporate Governance Charter which is available on the Company website.</p> <p>Details of the qualifications and experience of Directors will be provided in the Company's Annual Reports. Should an Audit and Risk Committee be established, details of the meetings will be provided in the Company's Annual Report.</p>
<p><b>Recommendation 4.2</b></p> <p>The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and</p>	PARTIALLY	<p>Before the Board approves the entity's financial statements for a financial period, the CEO and CFO (or such appropriate person) shall declare that in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate</p>

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give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.		accounting standards and give a true and fair view of the financial position and performance of the entity.  See explanation of Recommendation 4.1 in relation to the Audit and Risk Committee.
<b>Recommendation 4.3</b> A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	YES	The Company will make arrangements for its external auditor to attend its AGM (as required by the Corporations Act) to answer questions from security holders relevant to the audit.
<b>Principle 5: Make timely and balanced disclosure</b>		
<b>Recommendation 5.1</b> A listed entity should: <ul style="list-style-type: none"> <li>• have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>• disclose that policy or a summary of it.</li> </ul>	YES	The Corporate Governance Charter provides details of the Company's disclosure policy. The Corporate Governance Charter incorporating the Company's disclosure policy is available on the Company's website.
<b>Principle 6: Respect the rights of security holders</b>		
<b>Recommendation 6.1</b> A listed entity should provide information about itself and its governance to investors via its website.	YES	Information about the Company and its governance is available in the Corporate Governance Charter which can be found on the Company's website.
<b>Recommendation 6.2</b> A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	YES	The Company has adopted shareholder communications policies which are set out in its Corporate Governance Charter which aim to promote and facilitate effective two-way communication with investors. The policies outlines a range of ways in which information is communicated to shareholders.
<b>Recommendation 6.3</b> A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	YES	The shareholder communication policies which are set out in the Corporate Governance Charter state that as a part of the Company's developing investor relations program, Shareholders are to be provided with information updates upon request by email. Links are made available

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		<p>to the Company's website on which all information provided to the ASX is immediately posted.</p> <p>Shareholders are encouraged to participate at all EGMs and AGMs of the Company. The Company's Corporate Governance Charter requires to Board to, where possible, seek to improve shareholder participation through the design and content of its notices and the conduct of meetings.</p>
<p><b>Recommendation 6.4</b></p> <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	YES	<p>Security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX. Shareholders queries should be referred to the Company Secretary at first instance.</p>
<p><b>Principle 7: Recognise and manage risk</b></p>		
<p><b>Recommendation 7.1</b></p> <p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> <li>• have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>• if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</li> </ul>	PARTIALLY	<p>The Board is charged with the responsibility of determining the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies.</p> <p>Whilst the Company doesn't have an audit committee, it will follow the audit and risk policies where possible and is confident that this will independently verify and safeguard the integrity of its financial reports. A copy of the audit and risk policies forms part of the Company's Corporate Governance Charter is available on the Company's website.</p>
<p><b>Recommendation 7.2</b></p> <p>The Board or a committee of the Board should:</p>	YES	<p>The Company process for risk management and internal compliance includes a requirement to identify and measure risk, formulate risk management strategies and monitor the performance of risk</p>

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<ul style="list-style-type: none"> <li>review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the Board; and</li> <li>disclose in relation to each reporting period, whether such a review has taken place.</li> </ul>		<p>management systems. The Corporate Governance Charter details the Company's disclosure requirements with respect to the risk management review procedure and internal compliance and controls.</p> <p>Details of any meetings of the audit and risk committee (should one be established) or the Board will be provided in the Company's Annual Reports.</p>
<p><b>Recommendation 7.3</b></p> <p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</li> </ul>	YES	<p>The audit and risk management policies provides for the internal audit function of the Company. The Corporate Governance Charter outlines the monitoring, review and assessment of a range of internal audit functions and procedures.</p> <p>As the Company does not have an audit and risk committee at this stage, it does not have an internal audit function. Whilst the Company does not have an Audit and Risk Committee, it will follow the audit and risk management policies set out in its Corporate Governance Charter and is confident that this will independently verify and safeguard the integrity of its financial reports.</p>
<p><b>Recommendation 7.4</b></p> <p>A listed entity should disclose whether, it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	YES	<p>The audit and risk management policies set out in the Corporate Governance Charter detail the Company's risk management systems which assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (if appropriate). Review of the Company's risk management framework is conducted at least annually.</p>
<b>Principle 8: Remunerate fairly and responsibly</b>		
<p><b>Recommendation 8.1</b></p> <p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> <li>have a remuneration committee which: <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director, and disclose:</li> </ul> </li> </ul>	PARTIALLY	<p>See Recommendation 1.7 in relation to the Remuneration Committee.</p> <p>The Company will reconsider its position in relation to the new appointments in the future and make any appointment it deems necessary.</p> <p>Whilst the Company doesn't have a remuneration committee, it will follow the remuneration policies set out in its Corporate Governance Charter where possible and is confident that this process will ensure that the remuneration for Directors and senior executives is not excessive.</p>

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<ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> <li>• if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</li> </ul>		
<p><b>Recommendation 8.2</b></p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of Non-Executive Directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of Non-Executive Directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.</p>	YES	<p>See Recommendation 1.7 in relation to the Remuneration Committee.</p> <p>The remuneration policies set out in the Corporate Governance Charter disclose the Company's policies and practices regarding the remuneration of non-executive, executive and other senior executives.</p>
<p><b>Recommendation 8.3</b></p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> <li>• have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</li> <li>• disclose that policy or a summary of it.</li> </ul>	YES	<p>The Corporate Governance Charter includes a policy on whether participants in the scheme are permitted to enter into transactions which limit the economic risk of participating in the scheme. A copy of the policy will be set out on the Company's website.</p>