

MANALTO LIMITED [ACN 098 640 352]

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY STATEMENT

PROXY FORM

TIME: 9.00am (Melbourne time)

DATE: Tuesday, 17 November 2015

PLACE: The offices of Henslow, Level 8, 446 Collins Street, Melbourne, Victoria, 3000

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**NOTICE OF ANNUAL GENERAL MEETING
MANALTO LIMITED [ACN 098 640 352]**

Notice is given that an Annual General Meeting (**Meeting**) of Manalto Limited [ACN 098 640 352] (**Company** or **MTL**) will be held at 9.00am (Melbourne time) on Tuesday, 17 November 2015 at the offices of Henslow, Level 8, 446 Collins Street, Melbourne, Victoria, 3000.

Each of the resolutions proposed to be put to shareholders at the Meeting are set out in this Notice of Annual General Meeting (**Notice**) and further details regarding those resolutions are set out in the Explanatory Memorandum accompanying this Notice. The details of the resolutions contained in the Explanatory Memorandum should be read together with, and form part of, this Notice.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered shareholders of the Company at 5.00pm (Melbourne time) on 13 November 2015.

ORDINARY BUSINESS

2015 ANNUAL FINANCIAL STATEMENTS

To lay before the Meeting and consider the Annual Financial Statements of the Company for the financial year ended 30 June 2015 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

RESOLUTION 1: NON-BINDING RESOLUTION – REMUNERATION REPORT

To consider and, if thought fit, to pass the following resolution as a non-binding ordinary resolution:

"That the Company approve the adoption of the Remuneration Report, included within the Director's Report, for the year ended 30 June 2015."

VOTING EXCLUSION

The Company will disregard any votes cast in relation to this resolution by or on behalf of the key management personnel, which includes the Directors and executives of the Company whose remuneration is included in the Remuneration Report and their closely related parties (Excluded Persons). However, the Company need not disregard a vote if:

- it is cast by an Excluded Person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 2: ELECTION OF DIRECTOR – MR CHRIS ADAMS

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr Chris Adams, having been appointed as an additional Director on 24 July 2015 and who retires in accordance with the Company' constitution, being eligible, is re-elected a Director of the Company."

RESOLUTION 3: RE-ELECTION OF DIRECTOR - MR MICHAEL QUINERT

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Michael Quinert who retires by rotation in accordance with the Company's constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

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SPECIAL BUSINESS**RESOLUTION 4: ISSUE OF OPTIONS TO A DIRECTOR - DAVID FLETCHER**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the issue of 1,000,000 options in the Company to David Fletcher, a director of the Company, or his nominee, as detailed in the Explanatory Memorandum of this Notice of Annual General Meeting.”

VOTING EXCLUSION

The Company will disregard any votes cast on this Resolution by David Fletcher and any of his associates. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

RESOLUTION 5: APPROVAL FOR PLACEMENT FACILITY

To consider, and if thought fit, pass the following resolution as a **special resolution**:

“That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, shareholders approve the Company having the capacity to issue equity securities in the capital of the Company up to the maximum number permitted by ASX Listing Rule 7.1A at an issue price which is not less than the minimum issue price calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.3 and on the terms and conditions described in the Explanatory Memorandum of this Notice of Annual General Meeting.”

VOTING EXCLUSION

The Company will, in accordance with ASX Listing Rule 14.11, disregard any votes cast on Resolution 5 by a person who may participate in the 10% placement issue and a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities, if this resolution is passed), and any associates of those persons. However, the Company need not disregard a vote cast on this Resolution if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 6: AMENDMENT OF CONSTITUTION

To consider, and if thought fit, pass the following resolution as a **special resolution**:

“That, the Company’s constitution be amended as set out in the Explanatory Memorandum of this Notice of Annual General Meeting.”

Dated: 15 October 2015



Justyn Stedwell
Company Secretary
Manalto Limited

The accompanying Explanatory Memorandum and the Proxy and Voting Instructions form part of this Notice.

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PROXY AND VOTING INSTRUCTIONS

PROXY INSTRUCTIONS

A member who is entitled to vote at a meeting may appoint:

- one proxy if the member is only entitled to one vote; and
- one or two proxies if the member is entitled to more than one vote.

Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the member's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes in which case any fraction of votes will be disregarded.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be received by the Company by 9:00 a.m. Melbourne time on 15 November 2015:

- by mail to the Company at PO Box 8694, Armadale, VIC, 3143;
- personally to the Company at Suite 1, 1233 High St, Armadale, VIC, 3143; or
- by facsimile to +61 (03) 9822 7735.

The proxy form must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by the Corporations Act 2001 (Cth). A proxy given by a foreign corporation must be executed in accordance with the laws of that corporation's place of incorporation.

The proxy may, but need not, be a member of the Company.

If you sign the proxy form and do not appoint a proxy, you will have appointed the Chair of the Meeting (Chair) as your proxy.

A proxy form is attached to this Notice.

HOW THE CHAIRMAN WILL VOTE UNDIRECTED PROXIES

Where permitted, the Chair of the meeting will vote undirected proxies on, and in favour of, all of the proposed resolutions. Any undirected proxies held by the Chair will not be voted on Resolutions 1 and 4 unless you mark the box on the Proxy Form authorising same (refer below).

PROXIES THAT ARE UNDIRECTED ON RESOLUTIONS 1 AND 4

If you appoint the Chair as your proxy (or if he/she may be appointed by default) and do not either direct him/her how to vote on Resolutions 1 and 4, or otherwise mark the box on the Proxy Form authorising the Chair to vote your undirected proxy on Resolutions 1 and 4, the Chair will not vote your proxy on that item of business. Accordingly, if you appoint the Chair as your proxy (or if he/she may be appointed by default), you should direct the Chair how to vote on Resolutions 1 and 4 or otherwise mark the box on

the Proxy Form if you want your shares to be voted on that item of business.

CORPORATE REPRESENTATIVES

Any corporation which is a member of the Company may appoint a proxy, as set out above, or authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the chairperson of the Meeting) a natural person to act as its representative at any general meeting.

Corporate representatives are requested to bring appropriate evidence of appointment as a representative in accordance with the constitution of the Company. Attorneys are requested to bring the original or a certified copy of the power of attorney pursuant to which they were appointed. Proof of identity will also be required for corporate representatives and attorneys.

VOTING ENTITLEMENT

For the purposes of the Corporations Act and Corporations Regulations shareholders entered on the Company's Register of Members as at 5:00pm (Melbourne, time) on 13 November 2015 are entitled to attend and vote at the meeting.

On a poll, members have one vote for every fully paid ordinary share held. Holders of options are not entitled to vote.

SPECIAL RESOLUTION

For a special resolution to be passed, at least 75% of the votes validly cast on the resolution by shareholders (by number of shares) must be in favour of the resolution. Resolutions 5 and 6 are special resolutions.

MANALTO LIMITED [ACN 098 640 352]

**2015 ANNUAL GENERAL MEETING
EXPLANATORY MEMORANDUM**

PURPOSE OF INFORMATION

This Explanatory Memorandum (**Memorandum**) accompanies and forms part of the Company's notice of Annual General Meeting (**Notice**). The Notice of Annual General Meeting incorporates, and should be read together with, this Memorandum.

ORDINARY BUSINESS

2015 ANNUAL FINANCIAL STATEMENTS

Section 317 of the Corporations Act 2001 (Cth) (**Corporations Act**) requires each of the Annual Financial Report (which includes the Annual Financial Statements and Director's Declaration), the Director's Report, Remuneration Report and the Auditor's Report for the last financial year to be laid before the Annual General Meeting. The Company's Constitution also provides for these reports to be received and considered at that meeting. There is no requirement for these reports to be formally approved by shareholders.

Shareholders attending the Annual General Meeting (**Meeting**) will have the opportunity to put questions to the Board and make comments on matters contained in that Annual Financial Report and the management of the Company. A representative of the auditor will be invited to attend to answer questions about the audit of the Company's Annual Financial Statements.

The reports referred to in the Notice are included in the 2015 Annual Financial Report, which at their election, has been made available to all shareholders on-line or by post. If you have not elected to receive a hard copy of the Company's 2015 Annual Financial Report and wish to access it online, it is available at the Company's website www.manalto.com

No resolution is required to be moved in respect of this item.

RESOLUTION 1: NON-BINDING RESOLUTION – REMUNERATION REPORT

The Company is required by section 250R(2) of the Corporations Act, to propose a resolution that the 2015 Remuneration Report of Company be adopted. The Remuneration Report is contained within the Directors' Report in the 2015 Annual Financial Report and sets out the Company's remuneration arrangements for Directors.

Shareholders attending the Meeting will have the opportunity to discuss and put questions in respect of the Remuneration Report, and shareholders will be asked to vote on a non-binding resolution to adopt the Remuneration Report.

This resolution is advisory only and does not bind the Company or its directors. The Board will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies. Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings (**AGMs**) (treating this AGM as the first such meeting), shareholders will be required to vote at the second of those AGM's on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director and CEO) must be put up for re-election. At the 2014 Annual General Meeting

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greater than 75% of the votes cast on the adoption of the Remuneration Report contained in the Company's 2014 Annual Financial Statements was in favour of its adoption and therefore on this occasion a spill resolution will not be required in the event that 25% or more of votes that are cast are against the adoption of the 2015 Remuneration Report.

Any undirected proxies held by the Chair of the Meeting, will not be voted on Resolution 1 unless the box on the Proxy Form authorising the Chair to vote undirected proxies on Resolution 1 is marked. Other directors or other key management personnel or any of their closely related parties will not be able to vote undirected proxies on Resolution 1. 'Closely related parties' are defined by the Corporations Act, and include specified family members, dependants and companies they control. Please refer to the Proxy Form and the Proxy and Voting Instructions on page 5 for further details.

If you chose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 1 by marking either "For", "Against" or "Abstain" on the Proxy Form.

RESOLUTION 2: ELECTION OF DIRECTOR - MR CHRIS ADAMS

Resolution 2 is a resolution for the election of Mr Chris Adams as a Director of the Company. Mr Adams was appointed as a Director of the Company to fill a casual vacancy on 24 July 2015.

In accordance with the Company's Constitution, any Director appointed to fill a casual vacancy must retire from office, and will be eligible for re-election, at the next AGM following their appointment, but that Director will not be taken into account when determining the number of Directors who are to retire by rotation at each AGM.

Mr. Adams is an internationally recognised digital strategist, advisor and technology executive; formally at Facebook and Amazon. He has been an Industry Advisor to Manalto since March 2015.

With over 20 years experience in accelerating businesses, innovation and outcomes, Mr. Adams helped to create and produce the acclaimed reality TV series "Facebook Diaries" for Facebook, served as Chief Vision Officer and SVP of Business Development for Participant Media, through its first slate of movies including: "An Inconvenient Truth," "Syriana," "Charlie Wilson's War," and others. Mr. Adams has helped Comcast Cable & Interactive to secure sponsorship for its VOD platform and led entertainment business development for both Amazon and Lycos.

He is a frequent keynote and corporate speaker having spoken at such events as: Digital Hollywood, X Media Labs, ideaCity, SPAA, SPADA, OnHollywood, AIMIA, The Australian Broadcasting Corporation, muru D and many others. He is also an award-winning children's author, with his next book, "Dan The Biggest Dump Truck," narrated by Hugh Jackman and with all proceeds benefiting The Global Poverty Project and World Vision Australia, scheduled for publication in mid 2016.

Mr Adams, being eligible, offers himself for election.

RESOLUTION 3: ELECTION OF DIRECTOR - MR MICHAEL QUINERT

Pursuant to the Constitution of the Company one-third of the Directors, or if their number is not a multiple of three, the number nearest to one-third (but excluding the Managing Director) are required to retire by rotation at each AGM. A director who retires in accordance with these provisions is eligible for re-election. Accordingly, one Director is required to retire by rotation at the 2015 AGM.

Resolution 3 is a resolution for the election of Mr Michael Quinert a director who retires by rotation and is standing for re-election. Mr Quinert was appointed as a Director of the Company on 6 September 2013.

Mr Quinert graduated with degrees in economics and law from Monash University in 1984 and 1985 respectively and has over 28 years' experience as a commercial lawyer including three years with the Australian Securities Exchange and over 20 years as a partner in two Melbourne law firms. He has extensive experience in assisting and advising public companies on capital raising and market compliance issues. Mr Quinert is also a principal at Halcyon Corporate, a Melbourne based corporate

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and capital markets advisory firm.

Mr Quinert, being eligible, offers himself for election.

OTHER BUSINESS

RESOLUTION 4: ISSUE OF OPTIONS TO A DIRECTOR: DAVID FLETCHER

Under ASX Listing Rule 10.11, shareholder approval is required for the issue of equity securities to a related party of a listed company. Once approval is obtained pursuant to Listing Rule 10.11, the Company is entitled to rely on Listing Rule 7.2, Exception 14 as an exception to any requirement that may otherwise apply requiring shareholder approval under Listing Rule 7.1.

In accordance with existing remuneration and incentive arrangements, the Company proposes to issue 1,000,000 options to the Company's Non-Executive Chairman, David Fletcher.

The Board has formed the view that the issue of options to Mr Fletcher does not require shareholder approval under section 208 of the Corporations Act, as the issue of the options constitutes 'reasonable remuneration' in accordance with section 211 of the Corporations Act.

In compliance with the information requirements of ASX Listing Rule 10.13, shareholders are advised of the following particulars on the allotment and issue:

Maximum number of securities to be issued	1,000,000 options
Date of issue	Not later than one month after the date of the meeting.
Issue price per security	Nil
Terms of issue	<p>Options will have an exercise price of \$0.30 per option and expire 5 years from the date of issue.</p> <p>Options are subject to vesting conditions set out below:</p> <ul style="list-style-type: none">25% of total number of options issued to each recipient shall vest on the date which is one year from the issue date (Vesting Commencement Date); andthe remaining 75% of the total number of options issued to each recipient shall vest in 36 equal monthly instalments on the last day of each full calendar month after the Vesting Commencement Date. <p>The terms and conditions of options are set out in Annexure A.</p>
Persons to whom securities will be issued	David Fletcher or his nominee.
Intended use of funds	No funds will be raised from the issue of Options

Any undirected proxies held by the Chair of the Meeting, will not be voted on Resolution 4 unless the box on the Proxy Form authorising the Chair to vote undirected proxies on Resolution 4 is marked. Other directors or other key management personnel or any of their closely related parties will not be

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able to vote undirected proxies on Resolution 4. 'Closely related parties' are defined by the Corporations Act, and include specified family members, dependants and companies they control. Please refer to the Proxy Form and the Proxy and Voting Instructions on page 5 for further details.

If you chose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 4 by marking either "For", "Against" or "Abstain" on the Proxy Form.

The non-associated directors of the Company recommend shareholders vote in favour of Resolution 4.

RESOLUTION 5: APPROVAL FOR PLACEMENT FACILITY

GENERAL

In 2012, ASX introduced fund raising rules to provide more flexibility for smaller companies to raise additional capital in an easier and potentially less costly manner. ASX Listing Rule 7.1A enables eligible entities to issue equity securities (as that term is defined in the ASX Listing Rules) up to 10% of their issued share capital through placements over a 12-month period after an annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to a company's 15% placement capacity under ASX Listing Rule 7.1. An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is, at the date of the Notice, an eligible entity.

The Company is seeking shareholder approval by way of a special resolution to have the ability to issue equity securities under the 10% Placement Facility. The exact number of equity securities (if any) to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer below). The Company may use funds raised from any 10% Placement Facility for funding of existing projects or new projects and/or general working capital. It may also use the 10% Placement Facility for non-cash consideration purposes such as in connection with joint venture agreements or arrangements, as payments to consultants or contractors or in connection with the acquisition of new projects (although the Company presently has no current proposal to do so).

The Company has previously obtained shareholder approval to make issues under ASX Listing Rule 7.1A, however, the Company has not issued any equity securities under Listing Rule 7.1A pursuant to the previous approvals obtained.

The Directors of the Company believe that Resolution 5 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

DESCRIPTION OF LISTING RULE 7.1A

- **Shareholder approval**

The ability to issue equity securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an AGM.

- **Equity securities**

Any equity securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of equity securities of the Company. The Company, as at the date of the Notice, has one class of quoted equity securities, ordinary shares (MTL).

- **Formula for calculating 10% Placement Facility**

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an AGM may, during the 10% Placement Period (defined in section 2(f) below), issue a number of equity securities calculated in accordance with the following formula:

$$(A \times D) - E$$

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where:

- A is the number of shares on issue 12 months before the date of the issue or agreement to issue:
- (i) plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the 12 months;
 - (iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rules 7.1 and 7.4;
 - (iv) less the number of fully paid shares cancelled in the 12 months.

Note: "A" is has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rules 7.1 or 7.4.

- ASX Listing Rule 7.1 and ASX Listing Rule 7.1A

The ability of an entity to issue equity securities under ASX Listing Rule 7.1A is in addition to the entity's 15% placement capacity under ASX Listing Rule 7.1.

The number of equity securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the equity securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer to section 2(c) above).

- Minimum Issue Price

The issue price of equity securities issued under ASX Listing Rule 7.1A must be not less than 75% of the VWAP of equity securities in the same class calculated over the 15 trading days immediately before:

- a. the date on which the price at which the equity securities are to be issued is agreed; or
- b. if the equity securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the equity securities are issued.

- 10% Placement Period

Shareholder approval of the 10% Placement Facility under ASX Listing Rule 7.1A is valid from the date of the AGM at which the approval is obtained and expires (and ceases to be valid) on the earlier to occur of:

- a. the date that is 12 months after the date of the AGM at which the approval is obtained; or

- b. the date of the approval by Shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking) (**10% Placement Period**).

- ASX Listing Rule 7.1A

The effect of Resolution 5 will be to allow the Directors of the Company to issue the equity securities under ASX Listing Rule 7.1A during the 10% Placement Period separate to the Company's 15% placement capacity under ASX Listing Rule 7.1. Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

OTHER INFORMATION REQUIRED BY ASX LISTING RULE 7.3A

If Resolution 5 is approved by the Shareholders and the Company issues equity securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company would be diluted as shown in the below table (in the case of options, only if the options are exercised). There is a risk that:

- the market price for the Company's equity securities may be significantly lower on the date of the issue of the equity securities than on the date of the 2015 Annual General Meeting; and
- the equity securities may be issued at a price that is at a discount to the market price for the Company's equity securities on the issue date, which may have an effect on the amount of funds raised by the issue of the equity securities.

The table below shows the dilution of existing shareholders on the basis of the current market price of the Company's ordinary shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A(2) as at the date of the Notice. The table also shows:

- Two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary shares the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require shareholder approval (for example, a pro-rata entitlements issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at a future shareholders' meeting.
- Two examples of where the price of ordinary securities has decreased by 50% and increased by 50% as against the closing price of the Company's shares on 6 October 2015.

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Variable "A" in ASX Listing Rule 7.1A.2		Dilution		
		\$0.0395 50% decrease in Deemed Price	\$0.079 Deemed Price	\$0.1185 50% Increase in Deemed Price
Current Variable A 98,054,590 shares	10% Voting Dilution	9,805,459 shares	9,805,459 shares	9,805,459 shares
	Funds raised	\$387,316	\$774,631	\$1,161,947
50% increase in current Variable A 147,081,885 shares	10% Voting Dilution	14,708,189 shares	14,708,189 shares	14,708,189 shares
	Funds raised	\$580,973	\$1,161,947	\$1,742,920
100% increase in current Variable A 196,109,180 shares	10% Voting Dilution	19,610,918 shares	19,610,918 shares	19,610,918 shares
	Funds raised	\$774,631	\$1,549,263	\$2,323,894

The table above has been prepared on the following assumptions:

- The Company issues the maximum securities available under the ASX Listing Rule 7.1A being 10% of the Company's shares on issue at the date of the Meeting.
- No options are exercised into fully paid ordinary securities before the date of the issue of securities under ASX Listing Rule 7.1A.
- The table does not demonstrate an example of dilution that may be caused to a particular Shareholder by reason of placements under ASX Listing Rule 7.1A, based on that shareholder's holding at the date of the Meeting.
- The table only demonstrates the effect of issues of securities under ASX Listing Rule 7.1A. It does not consider placements made under ASX Listing Rule 7.1, the "15% rule".
- The price of ordinary securities is deemed for the purposes of the table above to be \$0.079, being the closing price of the Company's listed securities on ASX on 6 October 2015 (**Deemed Price**). The Deemed Price is indicative only and does not consider the 25% discount to market that the securities may be placed at.
- The table does not demonstrate the effect of listed options being issued under ASX Listing Rule 7.1A, it only considers the issue of the fully paid ordinary securities.

The Company may seek to issue the equity securities for the following purposes:

- Non-cash consideration including in connection with joint venture arrangements or agreements, payment of contractors or consultants or in connection with the acquisition of new projects (although the Company presently has no proposal to do so). In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.

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- Cash consideration. In such circumstances, the Company intends to use the funds raised towards advancing existing Company projects, the acquisition of new projects and/or general working capital.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A upon issue of any equity securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of equity securities will be determined on a case-by-case basis having regard to factors including but not limited to the following:

- the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- the effect of the issue of the equity securities on the control of the Company;
- the financial situation and solvency of the Company; and
- advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing substantial shareholders and/or new shareholders who are not related parties or associates of a related party of the Company. Further, if the Company were to pursue an acquisition and were it to be successful in acquiring new assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.

The Company has previously obtained shareholder approval under ASX Listing Rule 7.1A. During the 12-month period preceding the proposed date of the 2015 AGM, being on and from 17 November 2014, the Company issued a total of 102,751,998 equity securities (92,499,998 ordinary shares and 10,250,000 options) whereas the Company had 5,569,751 post-consolidation equity securities on issue in the Company as at the date of the 2014 AGM (an increase of approximately 1745%). Further details of the issues of all equity securities made by the Company during the 12-month period preceding the proposed date of the 2015 AGM are set out in Annexure B.

A voting exclusion statement is included in the Notice of Annual General Meeting to which this Memorandum relates. At the date of that Notice, the Company has not approached any particular existing shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the equity securities. No existing shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

The directors of the Company unanimously recommend shareholders vote in favour of Resolution 5.

RESOLUTION 6: AMENDMENT OF CONSTITUTION

The Company's constitution was last amended in 2004. The Company proposes to amend Rule 89.3 of to delete a reference to the former name of the Company "Cryptome Pharmaceuticals Ltd" and insert the Company's current name "Manalto Limited".

In addition, the Company proposes to amend the unmarketable parcels provisions (rule 149) of the Company's constitution to align those provisions with prevailing market practice.

Rule 149 of the Company's constitution sets out a process for the Company to sell a member's securities where the member has less than a marketable parcel of securities. 'Marketable parcel' is defined by reference to the Listing Rules which, in relation to the Company's securities, means a parcel of securities which has a value of not less than \$500 based on the closing price of the

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relevant security as traded on ASX.

Currently to sell a member's securities under the unmarketable parcel provisions the value of a member's securities must be tested at two points in time; when an initial notice is given and when the securities are sold. In addition, there is currently a minimum sale price formula which sets the minimum sale price of unmarketable securities. The minimum sale price is set currently based on a five consecutive trading day average security price, as traded on ASX, prior to the date when an initial notice is given.

The above requirements of the Company's constitution are not consistent with prevailing market practice and are not required by the Corporations Act or the ASX Listing Rules.

In order to improve the efficiency of the unmarketable sale provisions, the Company proposes to remove rule 149 of the constitution as it currently stands, and replace it with the rule set out in Annexure C.

ANNEXURE A

OPTION TERMS (RESOLUTION 4)

- Each option entitles the holder, upon exercise, to one ordinary fully paid ordinary share (Share).
- The options shall vest as follows:
 - (a) 25% of total number of options issued shall vest on the date which is one year from the issue date (Vesting Commencement Date); and
 - (b) the remaining 75% of the total number of options issued shall vest in 36 equally monthly instalments on the last day of each full calendar month after the Vesting Commencement Date.
- Each option shall have an exercise price of \$0.30 per option which must be paid in full on exercise.
- Each option is exercisable at any time prior to 5.00pm Melbourne time on the date which is 5 years from the date of their issue (Expiry Date) by providing written notice together with the payment for the number of Shares in respect of which options are exercised to the registered office of the Company. Any option that has not been exercised prior to the Expiry Date automatically lapses.
- The Company will not apply for Official Quotation by ASX of the options.
- All Shares issued upon exercise of options will rank pari passu in all respects with, and will have the same terms as, the Company's then issued Shares. The Company will apply for Official Quotation by ASX of all Shares issued upon exercise of options, subject to any restriction obligations imposed by ASX.
- The options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant options.
- The Company shall not effect any exercise of an option, if to do so would breach the ASX Listing Rules, the Corporations Act or any other law.
- There are no participation rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. The Company will ensure that holders of the options will be allowed at least the number of days' notice required by the Listing Rules of ASX to allow for the conversion of options prior to the record date in relation to any offer of securities made to shareholders.
- In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, the number of options or the exercise price of the options or both shall be reconstructed in accordance with the Listing Rules applying to a reorganisation of capital at the time of the reconstruction.

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ANNEXURE B

Details of equity securities issued in the 12 months prior to the proposed date of the Annual General Meeting (Resolution 5)

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable)	Form of consideration (cash/non-cash)
11 March 2015	30,000,000	Ordinary Shares (MTL)	Shares issued pursuant to public offer under a Replacement Prospectus dated 29 January 2015.	Shares were issued at an issue price of \$0.20 per Share. The Company's shares were suspended at the time of issue. The issue price of \$0.20 is a 16.66% discount to the closing price of the Company's shares, as traded on ASX on 24 March 2015, being the date the Company's shares resumed trading on ASX.	\$6,000,000 Cash. To date, of the funds raised, approximately \$4.2 million of after cost proceeds have been spent on working capital, product development and commercialization costs. The remaining proceeds will be used for working capital and product development and commercialization.
11 March 2015	62,499,998	Ordinary Shares (MTL)	Shares issued to the vendors of Manalto Inc as consideration for the acquisition of Manalto Inc.	Shares were issued at a deemed issue price of \$0.20 per Share with a combined value of \$12,500,000. The Company's shares were suspended at the time of issue. The issue price of \$0.20 is a 16.66% discount to the closing price of the Company's shares, as traded on ASX on 24 March 2015, being the date the Company's shares resumed trading on ASX.	Non-cash. Issued as consideration for the acquisition of Manalto Inc. Current total estimated value of Shares issued is \$4,375,000.
11 March 2015	2,250,000	Unlisted Options with an exercise of \$0.25 and an expiry date of 10 March 2018	Options issued to Company advisors as consideration for fees payable.	Options were issued at a nil issue price.	Non-cash. Estimated value of \$202,500 .
11 March 2015	8,000,000	Unlisted Options with an exercise of \$0.25 and an expiry date of 10 March 2020	Options issued to key employees and management pursuant to ESOP.	Options were issued at a nil issue price.	Non-cash. Estimated value of \$936,000.

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ANNEXURE C

Amendment to rule 149 of the Company's constitution (Resolution 6)

149 Unmarketable Parcels

149.1 Unmarketable Parcel

In this rule 149 **Unmarketable Parcel** means a parcel of securities of a single class registered in the same name or the same joint names which is:

- (a) less than the number that constitutes a marketable parcel of securities of that class under the Listing Rules; or
- (b) subject to the Act and the Listing Rules, any other number determined by the Board from time to time.

149.2 Board power of sale

The Board may sell a security that is part of an Unmarketable Parcel of securities if it does so in accordance with this rule and pursuant to the Listing Rules and the Act. The Board's power to sell lapses if a takeover (as defined in the Listing Rules) is announced after the Board gives a notice under rule 149.3 and before the Board enters into an agreement to sell the security.

149.3 Notice of proposed sale

Once in any twelve (12) month period, the Board may give written notice to a member who holds an Unmarketable Parcel:

- (a) stating that it intends to sell the unmarketable parcel; and
- (b) specifying a date at least six (6) weeks (or any lesser period permitted under the Act or the Listing Rules) after the notice is given by which the member may give the Company written notice that the member wishes to retain the holding.

If the Board's power to sell lapses under rule 149.2, any notice given by the Board under this rule is taken never to have been given and the Board may give a new notice after the close of the offers made under the takeover.

149.4 No sale where member gives notice

The Company must not sell an Unmarketable Parcel if, in response to a notice given by the Company under this rule 149, the Company receives a written notice that the member wants to keep the Unmarketable Parcel.

149.5 Terms of sale

A sale of securities under this rule includes all dividends payable on and other rights attaching to them. The Company must pay the costs of the sale. Otherwise, the Board may decide the manner, time and terms of sale.

149.6 Security transfers

For the purpose of giving effect to this rule, each Director and Secretary has power to effect or execute a transfer of a security as agent for a member who holds an Unmarketable Parcel.

149.7 Application of proceeds

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The Company must:

- (a) deduct any call which is due and unpaid in respect of the securities sold under this rule from the proceeds of sale and pay the balance into a separate bank account it opens and maintains for the purpose only;
- (b) hold that balance in trust for the previous holder of the securities (**Divested Member**);
- (c) as soon as practical give written notice to the Divested Member stating:
 - (i) what the balance is; and
 - (ii) that it is holding the balance for the Divested Member while awaiting the Divested Member's instructions and return of the certificate (if any) for the securities sold or evidence of its loss or destruction;
- (d) if the securities sold were certificated, not pay the proceeds of sale out of the trust account until it has received the certificate for them or evidence of its loss or destruction; and
- (e) subject to paragraph (d), deal with the amount in the account as the Divested Member instructs.

149.8 Protections for transferee

The title of the new holder of a security sold under this rule is not affected by any irregularity in the sale. The sole remedy of any person previously interested in the security is damages which may be recovered only from the Company.

MANALTO LIMITED [ACN 098 640 352] - PROXY FORM

Name of Shareholder:	
Address of Shareholder:	

I/We being a member/s of Manalto Limited (**Company**) and entitled to attend and vote at the meeting of the Company to be held at 9:00 am (Melbourne time) on Tuesday, 17 November 2015 at the offices of Henslow, Level 8, 446 Collins Street, Melbourne, Victoria, 3000, appoint:

the Chair of the meeting. **OR**
 (mark box) (mark box)

.....
 (Full name of proxy or the office of the proxy)

or if the person or body corporate named above fails to attend the meeting, or if no person/body corporate is named, the Chair of the meeting as my/our proxy to attend that meeting and vote on my/our behalf at that meeting and any adjournment or postponement of that meeting in accordance with the following directions (or if no directions have been given, as the proxy sees fit). If two proxies are appointed, the proportion of voting rights this proxy represents is%.

IMPORTANT: Directing the Chair how to vote on Resolutions 1 and 4.

If you appoint the Chair as your proxy (or he is appointed in default) and you do not mark this box, and you have not directed your proxy how to vote on Resolutions 1 and 4, the Chair will not cast your votes on Resolution 1 and 4 and your votes will not be counted in calculating the required majority if a poll is called on that Resolution. If you appoint the Chair of the meeting as your proxy you can direct the Chair how to vote on Resolutions 1 and 4 by either marking the relevant box below (for example if you wish to vote "against" or "abstain" from voting) or by marking the box to the left (in which case the Chair will vote in favour of Resolution 1). The Chair intends to vote all available proxies in favour of Resolutions 1 and 4. **I/We (except where I/we have indicated a different voting intention below):**

- direct the Chair of the meeting to vote in accordance with the Chair's voting intentions on Resolutions 1 and 4 to vote in favour of that Resolution;
- authorise, in respect of Resolutions 1 and 4, the Chair of the meeting to vote as described even though Resolutions 1 and 4 are connected (or may be connected) directly or indirectly with the remuneration of a member of key management personnel for the Company group; and
- acknowledge that the Chair of the meeting may exercise my proxy in respect of Resolutions 1 and 4 even though the Chair may have an interest in the outcome of that Resolution and that votes cast by the Chair of the meeting for that Resolution, other than as proxy holder, will be disregarded because of that interest.

VOTING DIRECTIONS FOR YOUR PROXY

To instruct your proxy how to vote, insert 'X' in the appropriate column against each resolution set out below. If you appoint the Chair as your proxy (or he is appointed in default) you should note that, subject to the notes above, the Chair *intends* to vote undirected proxies in favour of all Resolutions. If you do not instruct your proxy how to vote on a resolution, your proxy may vote as he/she thinks fit or abstain from voting. I/We direct my/our proxy to vote as indicated below:

		FOR	AGAINST	ABSTAIN
Resolution 1	ADOPTION OF REMUNERATION REPORT			
Resolution 2	ELECTION OF DIRECTOR – MR CHRIS ADAMS			
Resolution 3	RE-ELECTION OF DIRECTOR – MR MICHAEL QUINERT			
Resolution 4	ISSUE OF OPTIONS TO A DIRECTOR - MR DAVID FLETCHER			
Resolution 5	APPROVAL OF PLACEMENT FACILITY			
Resolution 6	AMENDMEND OF CONSTITUTION			

If a person: _____ (Signature) _____ Name (print) Date: ____/____/____	If a company: EXECUTED by: _____ Name of company (print) in accordance with the Corporations Act _____ (Signature) _____ (Signature) Date: ____/____/____
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