

3 October 2017

Ms Cheng Tang
Senior Adviser
ASX Compliance Pty Limited
20 Bridge Street
Sydney NSW 2000

Dear Cheng

Manalto Limited (“MTL”): further queries

We refer to your letter dated 27 September 2017 and provide the following information in response.

1. Reasons for resignation of outgoing directors.

Please confirm whether the information received by the ASX is correct.

The information received by the ASX is correct.

On further investigation the Company has made enquiries of EverBlu Capital which confirms that it was only willing to provide ongoing funding support to the Company if there were changes to the board of directors. The Company notes that it is not uncommon for brokers to rally support of shareholders in order to bring about board changes.

The Company cannot speak for factors that the outgoing directors considered in coming to their decision to resign. Presumably loss of confidence in them and uncertainty as to continued financial support for the Company from EverBlu Capital was a significant consideration for the outgoing directors.

The Company notes that EverBlu Capital has confirmed it remains committed to providing ongoing financial support to the Company. Everblu have committed in writing to provide the Company with the remaining \$550,000.00 from the Chairman’s List as disclosed to the market on August 23rd 2017. This is set to occur before close of business October 6th 2017. Everblu Capital have further committed on a best endeavours basis to providing ongoing financial support up to \$3,000,000.00 subject to Manalto’s securities being reinstated to trading on the ASX. The board also intends to canvass other brokers to assist in this regard.

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2. Capital Raising

The Company has also provided an update to the market with regards to its capital raising plans.

(a) Please explain the difference in the \$1,996,865 amount referred to in MTL's response and the \$2.5 million amount referred to in MTL's Appendix 4C – Quarterly Report.

The outgoing board had anticipated raising \$2.5 million investors, \$500,000 of which was to come from the Chairman's list. The funds from the Chairman's list are yet to be received by Manalto.

Please refer to answer above.

(b) Please advise when the amount raised in the Capital Raising was paid by EverBlu to MTL. If this did not occur in a single payment, please state the dates and amounts of each instalment.

Of the \$1,996,865 in question 2(a), \$102,500 relates to a previous capital raising. The capital raising which occurred between April and August 2017 totals \$1,894,365. EverBlu Capital clients paid Manalto directly into Manalto's nominated bank account. Numerous payments from different investors were made between 13 April 2017 and 21 August 2017 as follows.

Date	Credit Amount
13-Apr-17	6,100.00
13-Apr-17	6,710.00
13-Apr-17	15,250.00
13-Apr-17	22,000.00
13-Apr-17	22,875.00
13-Apr-17	22,875.00
13-Apr-17	22,875.00
13-Apr-17	45,750.00
13-Apr-17	76,250.00
18-Apr-17	12,200.00
18-Apr-17	30,500.00
18-Apr-17	76,250.00
19-Apr-17	152,500.00
27-Apr-17	(22,000.00)
28-Apr-17	119,865.00
21-Jun-17	17,800.00
21-Jun-17	34,750.00
21-Jun-17	52,125.00
21-Jun-17	52,125.00

22-Jun-17	10,000.00
22-Jun-17	104,250.00
26-Jun-17	13,900.00
26-Jun-17	173,750.00
28-Jun-17	69,500.00
29-Jun-17	15,290.00
29-Jun-17	156,000.00
3-Jul-17	15,000.00
3-Jul-17	52,125.00
12-Jul-17	20,000.00
13-Jul-17	10,000.00
7-Aug-17	100,000.00
14-Aug-17	200,000.00
16-Aug-17	50,000.00
21-Aug-17	50,000.00
21-Aug-17	87,750.00

Yours sincerely

Terence Clee
Director
Manalto Limited

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27 September 2017

The Directors
Manalto Limited
Suite 1, Level 5, 50 Queen St
MELBOURNE VIC 3000

By email: terence@terenceclee.com

Dear Mr Clee

Manalto Limited (“MTL”): further queries

ASX Limited (“ASX”) refers to MTL’s undated response to ASX’s query letter dated 19 September 2017, both of which were lodged on the ASX Market Announcements Platform (“MAP”) on 27 September 2017.

ASX also refers to MTL’s announcement entitled “Appendix 4C – Quarterly Report” lodged on MAP and released at 12:21pm on 23 August 2017 disclosing that over the three months to 30 June 2017, MTL completed a capital raising (“Capital Raising”) comprising a total of \$2.5 million offered through EverBlu Capital Pty Ltd (“EverBlu”).

ASX has the following further queries.

1 Reasons for resignation of outgoing directors

ASX notes the statement in MTL’s response that:

“The newly appointed directors of the MTL Board ... are unable to speak for the outgoing directors’ ... reasons for resigning.”

ASX has received information that Jim McKerlie, Paul Gardner and Michael Quinert appointed James Ellingford, Terence Clee and Tim Wilson as directors of MTL and then resigned themselves as directors of MTL after receiving an ultimatum from EverBlu (delivered by email from a solicitor acting for EverBlu) requiring them to do so.

Among other things that email stated:

“Everblu is prepared to undertake to provide ongoing funding support to ensure that Manalto can pay [sic] its debts as and when they fall due, subject to all of the existing directors of Manalto immediately resigning and being replaced by nominees of Everblu.

We are further instructed that, if the existing directors do not appoint nominees of Everblu as directors of Manalto and then immediately resign no later than 5pm Sydney time on Friday, 15 September 2017, Everblu intends to secure support of shareholders holding at least a 5% interest in Manalto to requisition a meeting under Section 249D of the Corporations Act to make these changes.”

Please confirm whether the information received by ASX is correct.

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2. Capital Raising

ASX notes the statement in MTL's response that:

"MTL raised a total of \$1,996,865 under the Capital Raising."

Please:

- (a) explain the difference in the \$1,996,865 amount referred to in MTL's response and the \$2.5 million amount referred to in MTL's Appendix 4C – Quarterly Report mentioned above; and
- (b) advise when the amount raised in the Capital Raising was paid by Everblu to MTL. If this did not occur in a single payment, please state the dates and amounts of each instalment.

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 **5.00 p.m. AEST on Tuesday, 3 October 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, the Company'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 cheng.tang@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.

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.

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

It should be noted that the Company's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

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

Yours sincerely

[Sent electronically without signature]

Cheng Tang
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