

MANALTO LIMITED
ACN 098 640 352

PROSPECTUS

For the offer of up to 500,000 Shares in the capital of the Company at an issue price of \$0.001 per Share to raise up to \$500 before expenses (**Offer**).

This Prospectus has been prepared primarily for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Closing Date.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as highly speculative.

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1. CORPORATE DIRECTORY

Directors

Terence Clee
Non-Executive Chairman

James Ellingford
Executive Director

Timothy Wilson
Non-Executive Director

Company Secretary

Elizabeth Hunt

Share Registry*

Computershare Investor Services Pty
Limited
452 Johnston St
Abbotsford VIC 3067

Auditors*

Grant Thornton Audit Pty Ltd
Collins Square, Tower 1
727 Collins Street
Docklands VIC 3008

Registered Office

Level 11, London House
216 St Georges Terrace
Perth WA 6000

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Website: www.manalto.com

ASX Code

MTL

Lawyers

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus.

2. TIMETABLE AND IMPORTANT NOTES

2.1 Timetable

Action	Date
Lodgement of Prospectus with the ASIC and ASX	8 June 2018
Opening Date	8 June 2018
Closing Date*	4 July 2018
Issue Date*	5 July 2018
Expected date of Official Quotation of the Shares*	6 July 2018

** The Directors reserve the right to bring forward or extend the Closing Date at any time after the Opening Date without notice. As such, the date the Shares are issued and expected to commence trading on ASX may vary with any change in the Closing Date.*

2.2 Important Notes

This Prospectus is dated 8 June 2018 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The expiry date of the Prospectus is 13 months after the date the Prospectus was lodged with the ASIC. No Shares will be issued on the basis of this Prospectus after the expiry date.

The Offer are only available to those who are personally invited to accept the Offer. Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

2.3 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please phone the Company on +61 8 9481 0389 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.manalto.com.

If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person

may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

2.4 Website

No document or information included on the Company's website is incorporated by reference into this Prospectus.

2.5 Risk Factors

Potential investors should be aware that subscribing for Shares involves a number of risks. The key risk factors of which investors should be aware are set out in Section 6. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

2.6 Investors outside Australia

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. This Prospectus does not, and is not intended to, constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to make such an offer or to issue this Prospectus.

2.7 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors (refer to Section 6) that could cause actual results to differ materially from the results expressed or anticipated in these statements.

2.8 Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information or representations not so contained may not be relied upon as having been authorised by the Company or any other person in connection with the Offer. You should rely only on information in this Prospectus.

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3. DETAILS OF THE OFFER

3.1 Offer

Under this Prospectus, the Company invites investors identified by the Directors to apply for up to 500,000 Shares at an issue price of \$0.001 per Share to raise up to \$500 (before expenses).

The Offer will only be extended to specific parties on invitation from the Directors. Application Forms will only be provided by the Company to these parties.

All of the Shares offered under this Prospectus will rank equally with Shares on issue at the date of this Prospectus.

3.2 Objective

The Company is seeking to raise only a nominal amount under the Offer. Accordingly, the purpose of this Prospectus is not to raise capital.

This Prospectus has been prepared primarily for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Closing Date.

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
 - (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

3.3 Minimum Subscription

There is no minimum subscription in respect of any of the Offer.

3.4 Applications

Applications for Shares must only be made by investors at the direction of the Company and must be made using the Application Form accompanying this Prospectus.

Payment for the Shares under the Offer must be made in full at the issue price of \$0.001 per Share by cheque drawn on an Australian bank or bank draft made payable in Australian currency in the manner set out on the Application Form.

Completed Application Forms and cheques or bank drafts must be mailed or delivered to the address set out on the Application Form, with sufficient time to be received by or on behalf of the Company by **no later than 5.00pm (WST) on the Closing Date**.

The Company reserves the right to close the Offer early.

3.5 Underwriter

The Offer is not underwritten.

3.6 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made within 7 days of the date of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to the Offer before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares under the Offer and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

3.7 Issue of Shares

Issue of Shares under the Offer will take place as soon as practicable after the Closing Date. Application monies will be held in a separate subscription account until the Shares are issued. This account will be established and kept by the Company in trust for each Applicant. Any interest earned on the application monies will be for the benefit of the Company and will be retained by the Company irrespective of whether any Shares are issued and each Applicant waives the right to claim any interest.

The Directors will determine the recipients of all the Shares. The Directors reserve the right to reject any application or to allocate any Applicant fewer Shares than the number applied for.

Where the number of Shares issued is less than the number applied for, the surplus moneys will be returned by cheque as soon as practicable after the Closing Date. Where no issue of Shares is made, the amount tendered on application will be returned in full by cheque as soon as practicable after the Closing Date. Interest will not be paid on monies refunded.

3.8 Restrictions on the distribution of the Prospectus

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws.

This Prospectus does not, and is not intended to, constitute an offer of Shares in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or to issue this Prospectus.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any

formalities need to be observed should they wish to make an application to take up Shares on the basis of this Prospectus. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

3.9 Enquiries

Any questions concerning the Offer should be directed to Elizabeth Hunt, the Company Secretary on +61 8 9481 0389.

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4. PURPOSE AND EFFECT OF THE OFFER

4.1 Purpose of the Offer

The Company is seeking to raise only a nominal amount under the Offer. Accordingly, the purpose of this Prospectus is not to raise capital.

This Prospectus has been prepared primarily for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Closing Date.

All of the funds raised from the Offer will be applied towards the expenses of the Offer. Refer to Section 7.8 for further details relating to the estimated expenses of the Offer.

4.2 Financial effect of the Offer

Expenses of the Offer are expected to be approximately \$6,500 and will be greater than any proceeds that will be received. The expenses of the Offer (exceeding \$500) will be met from the Company's existing cash reserves. The Offer will have an effect on the Company's financial position of reducing the cash balance by approximately \$6,000, being receipt of funds of \$500 less expenses of the Offer of \$6,500.

4.3 Effect of the Offer on the capital structure

The effect of the Offer on the Company's capital structure is set out below.

Shares ¹	Number
Shares on issue as at the date of the Prospectus	3,642,388,631
Shares offered under the Offer	500,000
Total Shares on issue on completion of the Offer²	3,642,888,631

Notes:

1. The rights and liabilities attaching to the Shares are summarised in Section 5.
2. This assumes the Offer is fully subscribed and no Options are exercised.

Options	Number
Options on issue as at the date of the Prospectus:	
<u>Quoted</u>	
• -	-
<u>Unquoted</u>	
• Exercisable at \$0.07 on or before 19 January 2020	5,250,000
• Exercisable at \$0.20 on or before 29 February 2020	12,976,538
• Exercisable at \$0.25 on or before 29 February 2020	2,035,171
• Exercisable at \$0.25 on or before 11 March 2020	4,550,000
• Exercisable at \$0.30 on or before 15 December 2020	1,268,151
• Exercisable at \$0.004 on or before 21 March 2021	1,913,333,334

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Options offered under the Offer	Nil
Total Options on issue on completion of the Offer	1,939,413,194

5. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held and a fraction of a vote for each partly paid Share held. The fraction must be equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to the rights of persons (if any) entitled to Shares with special rights as to dividends, the Directors may from time to time determine that a dividend is payable to the Shareholders entitled to the dividend, and fix the amount, the time for payment and the method of payment. The Company in a general meeting may determine a dividend but may do so only if the Directors have recommended a dividend and the amount determined does not exceed the amount recommended by Directors. Dividends shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

No dividend shall carry interest as against the Company. The Directors may, before recommending or determining any dividend, set aside out of the profits of the Company any amounts that they may determine as

reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of

Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

6. RISK FACTORS

6.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. Some of these factors can be mitigated through safeguards and appropriate commercial action and controls. However, many are outside the control of the Company and cannot be mitigated. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.2 Specific Risks

(a) Reinstatement of Company's securities to official quotation on ASX

The Company's securities have been suspended from trading on ASX since 18 September 2017. The Company completed a capital raising in March 2018 as approved under ASX Listing Rule 7.1 to demonstrate to ASX that it had sufficient working capital to fund its activities for the purposes of having its securities reinstated to official quotation on ASX.

ASX subsequently informed the Company that, in ASX's opinion, the relationships:

- (i) between the Company on the one hand and Adam, Darrin and Alvin Blumenthal and the entities they control, including EverBlu Capital Pty Limited, Code Nominees Pty Ltd <28698 A/C>, Anglo Menda Pty Ltd, Australian Share Nominees Pty Ltd, Horatio Street Pty Limited and Suburban Holdings Pty Ltd (together the **Blumenthal Parties**) on the other; and
- (ii) between the Directors on the one hand and the Blumenthal Parties on the other,

are such that any issue of equity securities by the Company to the Blumenthal Parties ought to be approved by Shareholders.

Accordingly, ASX has determined that any issue of equity securities by the Company to a Blumenthal Party on and from 15 September 2017 requires Shareholder approval under and in accordance with ASX Listing Rule 10.11 rather than ASX Listing Rule 7.1 that was obtained and that this approval is required before the Company's securities will be reinstated to official quotation.

In light of this, a Shareholders' meeting has been convened for 4 July 2018 for this purpose. In the event Shareholder approval for these issues of equity securities is not obtained then the Company will need to seek

separate Shareholder approval for the buy-back and cancellation of the applicable equity issues which may further delay reinstatement of the Company's securities to official quotation on ASX.

(b) **No significant record of activities, revenue or profits**

The Company does not have a significant record of activities or performance. Prior to March 2015 Manalto's business was conducted by Manalto Inc (a US company). Manalto Inc is now a subsidiary of the Company. Manalto Inc commenced its activities in 2013. Neither Manalto Inc nor the Company have generated profits. Revenues have not been sufficient to pay operating and other costs, and there is no certainty that revenues will necessarily increase, costs be reduced or profits be achieved in a foreseeable period or at all. The Company is therefore reliant on its ability to raise capital to fund its operations and expenditure.

(c) **Competition Risk**

The Company is competing in both the market for information technology and social media management software. Both markets are competitive, with a number of businesses that are owned or affiliated with information technology market players being direct competitors. These businesses have capacity to adopt aggressive strategies to capture market share.

The Company can have little influence or control over the activities or actions of its competitors. Actions by competitors to capture market share may negatively affect future revenue and/or profitability, planned growth and the overall financial condition of the Company.

In this competitive environment, the key risk for the Company is that it may not maintain differentiation from its competitors and an appreciable market share. As the market matures there is a risk of downward pressure on pricing. Although the Company seeks to keep its services as a highly scalable, cost effective offering, thereby placing it in a defensive position against potential reductions, it is nonetheless vulnerable to an increase in competition that may lead to a sustained and material drop in price.

(d) **Access to funding**

The Company is not yet receiving sufficient revenue to completely fund its operations for an extended period of time. The Company is therefore reliant on receiving further financing through the conduct of capital raising via the issue of equity securities and through other means. Contemplated further funding is in addition to the amounts received by the Company under the Placement.

There is a risk the Company may not be able to raise additional funds through the issue of equity securities (or at all), or that the terms under which the Company is able to raise additional funding are prohibitive to proceeding with any capital raising. There is also no guarantee that the further financing received by the Company will be sufficient to fund the Company's operations for an extended period of time, if at all, and the Company may be forced to scale back operations.

The issue of equity securities will also dilute the percentage ownership of the Company of shareholders.

(e) **Technology Risk**

Technology Risk - Industry

The Company must continually adapt its social media management software to be compatible with both developments in existing social media platforms and emerging social media platforms. The rapid growth of social media, in particular the introduction of new social media platforms, creates an environment where unforeseen change can occur quickly, making it difficult for the Company to adapt its services to cope. There is a risk of the Company's services having reduced effectiveness if it is unable to maintain progression with the social media market generally, cannot adapt to accommodate changes in existing social media platforms or cannot integrate with new social media platforms.

Technology Risk - Security

The Company could suffer unauthorised infiltration of its system by hackers to obtain data or insert a cyber-virus or bug. This may disrupt or affect the Manalto software or otherwise affect the system of outlets using Manalto software. Such actions could compromise client data and cause service shutdown, leading to customer dissatisfaction and loss of goodwill. The Company, and the service providers on which it relies to provide cloud-based infrastructure, employ practices to protect its systems from being compromised. Further processes are in place to reduce the prospect of a cyber-virus or bug being introduced to the Company's services and these processes are regularly reviewed for improvement. The Company works with its cloud-based hosting service to ensure daily backups are made of client data, ensuring capability of retrieval within one to two days if required.

Technology Risk – Third Party Reliance

To some extent, the Company relies on third parties for key aspects of operation and delivery of its software. There is risk a third party may no longer be capable of providing services or refuse to provide services without increased license fees or other payments. The Company's strategy is to avoid dependence on singular third-party technology by, where possible, using standardised open source or royalty-free tools and libraries. The Company intends to evolve its platform so that the loss of a third-party service provider would not create a significant impact or it would be in a position to use an alternative service provider.

(f) **Personnel**

The Company is dependent on the talent and expertise of its personnel. The loss of key personnel, or various general personnel, may adversely affect the Company's service. There is also a risk that, where there is turnover of development staff with knowledge of the technology and business, that knowledge will be lost upon their departure. This involves the risk those staff who leave have information of the Company's intellectual property or business which has commercial value to the Company. There are further costs of replacing staff who leave and training new staff.

The Company seeks to mitigate these risks by maintaining remuneration arrangements and good relationships with key personnel. In addition, employment contracts used by the Company contain provisions with

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respect to intellectual property and confidentiality, limiting potential losses resulting from departure of key personnel. Further, although Manalto software will continue to develop, the initial substantive development work has been completed and, accordingly, loss of key development staff would have less impact than if the Company were in the early phases of software development.

(g) **Market Risk**

The social media management sector in which the Company operates is a relatively undeveloped market. As such, it is difficult to ascertain or gauge the level of knowledge and confidence in the market or its size and growth potential. A lack of knowledge or information availability may impede or even prevent business uptake of social media management technology. Conversely, large centrally controlled businesses who are aware of the need and options for managing a growing social media presence tend to adopt an internally developed capacity, with decisions and actions being made at head office. The Company primarily targets multi location and/or multi brand organisations, such as franchise businesses, who have a fragmented social media presence and desire for local participation in decision making.

There is risk in a fast growing and dynamic market that the Company may not be able to establish a meaningful market share prior to its competitors. It is just as important to market effectively to an emerging customer base before competitors as it is to provide an efficient technical solution. The Company needs to employ effective direct and indirect marketing strategies to avoid having a potentially successful product beaten to the market by more efficient competitor marketing.

(h) **Intellectual property risk**

The Company intends to apply for a patent in respect of its social media management software. However, even if filed there can be no assurance it will be accepted without variation, or at all. Furthermore, the granting of intellectual property protection, such as a registered patent, does not guarantee that the rights of others are not infringed, that competitors will not develop technology to avoid the patent or that third parties will not seek to claim an interest in the intellectual property, with a view of seeking commercial benefit from the Company. There is also risk of competition in obtaining and sustaining protection of intellectual property, which given its complex nature, can lead to expensive and lengthy dispute where the outcome is not guaranteed. Even if the Company obtains protection of intellectual property through patents, there is no certainty it would be notified of infringement or be in a financial position to pursue necessary remedial action in the event of a breach. Furthermore, given the constantly evolving nature of the Company's software products, and the time and cost associated with prosecuting patent protection, the Company's intellectual property strategy will also be reliant on know-how and trade secrets (which are not subject to formal registration) and being first to market with particular software products or solutions.

There can be no assurance that employees, consultants or third parties will not breach confidentiality, infringe or misappropriate the Company's intellectual property. The Company seeks to mitigate the risk of unauthorised use of its intellectual property by limiting disclosure of sensitive material to particular employees, consultants, and others on a

need-to-know basis. Where appropriate, parties with potential access to such sensitive material will be required to provide written commitments as to confidentiality and ownership of intellectual property.

(i) **Currency risk**

The Company has raised funds in Australian dollars. In the short to medium term it is expected that the primary market for Manalto software will be the United States of America and to a lesser extent, Australia. Therefore, the Company's expenditure and revenue will predominantly be received and made in US dollars. As a result, the Company may be adversely affected by fluctuations in the US dollar and Australian dollar exchange rates, including risks on conversion of funds received to US dollars.

6.3 General Risks

(a) **Litigation risks**

The Company is exposed to possible litigation risk including contractual disputes, occupational health and safety claims and employee claims. The Company may be involved in disputes with other parties in the future, potentially resulting in litigation. Any such claim or dispute, if proven, may adversely impact the Company's operations, financial performance and financial position.

(b) **Liquidity**

There can be no assurance there will be, or continue to be, an active market for Shares or that the price of Shares will increase.

(c) **Economic risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may adversely affect the Company's activities, as well as its ability to fund those activities. Further, share market conditions may affect the value of Company's securities regardless of the Company's operating performance. Share market conditions are affected by many factors, such as:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

(d) **Taxation**

There may be tax implications arising from applications for Shares, the receipt of dividends both franked and unfranked (if any) from the Company, participation in any on-market buy-back and on the future disposal of Shares.

6.4 Investment speculative

The above risk factors ought not to be taken as an exhaustive list of the risks faced by the Company or its Manalto software business, or by investors in the Company. The above risk factors, and others not specifically referred to above, may materially affect the future financial performance of Company and the value of Shares offered under this Prospectus.

The Shares to be issued pursuant to this Prospectus carry no guarantee with respect to payment of dividends, returns of capital or market value. The Company does not expect to declare any dividends in the short to medium term.

Potential investors should consider investment in the Company as highly speculative and consult their professional advisers before deciding whether to apply for Shares offered under the Prospectus.

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7. ADDITIONAL INFORMATION

7.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

7.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below:

Date	Description of Announcement
08/06/2018	Lapse of Options and Updated Capital Structure
05/06/2018	Notice of General Meeting/Proxy Form
25/05/2018	Company Update
30/04/2018	Becoming a substantial holder
23/04/2018	Quarterly Activities Report
23/04/2018	Appendix 4C – quarterly
20/04/2018	Becoming a substantial holder
12/04/2018	Response to ASX Query Letter
06/04/2018	Becoming a substantial holder
06/04/2018	Change in substantial holding
21/03/2018	Prospectus
21/03/2018	Appendix 3B
21/03/2018	Capital Raising & Company Update
02/03/2018	Capital Raising & Operations Update
01/03/2018	Appendix 4D – Half Yearly Report
09/02/2018	Appendix 4G
30/01/2018	Appendix 4C – quarterly
21/12/2017	Results of Meeting
20/12/2017	Market Update
20/11/2017	Notice of Annual General Meeting/Proxy Form
30/10/2017	Annual Report to Shareholders
30/10/2017	Appendix 4C - quarterly

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website at www.manalto.com.

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7.3 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The Company has been suspended from trading since 18 September 2017. The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding that date and the most recent dates of those sales were:

	Price	Date
Highest	\$0.018	15 June 2017
Lowest	\$0.006	30 August 2017
Last	\$0.007	13 September 2017

7.4 Details of substantial holders

Those persons which are the registered holders of 5% or more of the Shares on issue as at the date of this Prospectus are set out below:

Shareholder	Shares	%
Adam Blumenthal ¹	614,970,585	16.88
Terra Capital New Horizons Fund	278,607,955	7.65
David Hannon ²	266,675,640	7.32
L1 Capital Global Opportunities Master Fund	225,000,000	6.18

Notes:

1. The registered holders of these Shares are Anglo Menda Pty Ltd (426,447,858) and Australian Share Nominees Pty Ltd (188,522,727).
2. The registered holders of these Shares are Chifley Portfolio Pty Ltd (108,856,220), RAH STC Pty Ltd (100,000,000), Fairborn Holdings Pty Ltd (55,882,386) and Elinora Investments Pty Ltd (1,937,034).

There will be no change to the substantial holders on completion of the Offer.

7.5 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director or proposed director of the Company, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed director of the Company:

- (d) as an inducement to become, or to qualify as, a director of the Company; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security Holdings

Directors' relevant interests in securities of the Company at the date of this Prospectus are as set out below:

Director	Shares	Options
Terence Clee	Nil	Nil
James Ellingford	Nil	Nil
Timothy Wilson	Nil	Nil

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is set by the Company by resolution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$500,000 per annum.

A Director may be paid fees or other amounts as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	Proposed remuneration for the year ending 30 June 2018 ¹
Terence Clee	\$24,000
James Ellingford	\$24,000
Timothy Wilson	\$9,000

Notes:

1. Messrs Clee, Ellingford and Wilson were appointed as Directors on 15 September 2017 and did not receive any remuneration from the Company prior to that date. It is intended that

Messrs Clee, Ellingford and Wilson will receive remuneration from the date on which the Company's securities are reinstated to official quotation on ASX.

7.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Steinepreis Paganin has acted as solicitor to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin a cash fee of approximately \$2,000 (excluding GST) in respect of the Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid or is owed fees totalling \$75,474.50 (excluding GST and disbursements) by the Company for legal services provided to the Company.

7.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its consent to being named as solicitor to the Company in relation to the Offer in this Prospectus, in the form and context in which it is named. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of the Prospectus.

7.8 Expenses of the Offer

The expenses of the Offer are estimated to be approximately \$6,500 (excluding GST) and are expected to comprise legal fees and other administrative expenses, including ASIC and ASX fees. The estimated expenses will be paid out of the Company's existing working capital.

7.9 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing Share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

7.10 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

8. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

TERENCE CLEE
Non-Executive Chairman
For and on behalf of
MANALTO LIMITED

For personal use only

9. **DEFINITIONS**

\$ means Australian dollars.

Applicant means an investor who applies for Shares pursuant to the Offer.

Application Form means an application form either attached to or accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHES.

Board means the board of Directors unless the context indicates otherwise.

Closing Date means the date specified in the timetable in Section 2.1 (unless extended or brought forward).

Company means Manalto Limited (ACN 098 640 352).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Offer means the offer of Shares as detailed in Section 3.1.

Official Quotation means official quotation on ASX.

Opening Date means the opening date of the Offer as specified in the timetable set out in Section 2.1 (unless varied).

Option means an option to acquire a Share.

Placement means the Company's placement of 2,570,000,000 Shares at \$0.001 per Share, together with 1,713,333,334 free attaching Options, to raise \$2,570,000 as approved by Shareholders at the general meeting held on 21 December 2017 and completed on 21 March 2018.

Prospectus means this prospectus.

Section means a section of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Share Registry means the share registry of the Company as specified in the corporate directory in this Prospectus.

WST means Western Standard Time as observed in Perth, Western Australia.