

MANALTO LIMITED [ACN 098 640 352]

NOTICE OF EXTRAORDINARY GENERAL MEETING

EXPLANATORY STATEMENT

PROXY FORM

TIME: 2:00 pm (Sydney time)

DATE: Monday, 19 December 2016

PLACE: the offices of Grant Thornton, 17/383 Kent Street, Sydney NSW 2000

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

Notice is given that an Extraordinary General Meeting (**Meeting**) of Manalto Limited [ACN 098 640 352] (**Company** or **MTL**) will be held at 2:00 pm (Sydney time) on Monday, 19 December 2016 at the offices of Grant Thornton, 17/383 Kent Street, Sydney NSW 2000.

Each of the resolutions proposed to be put to shareholders at the Meeting are set out in this Notice of Extraordinary 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 persons eligible to vote at the Meeting are those who are registered shareholders of the Company at 5:00pm (Sydney time) on Saturday, 17 December 2016.

ORDINARY BUSINESS

RESOLUTION 1: RATIFICATION OF PRIOR ISSUE OF CONVERTIBLE NOTES

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

“That for the purpose of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify the prior issue of 840,000 unsecured convertible notes with a face value of \$1.00 each to professional, sophisticated and other exempt investors that do not require disclosure under Chapter 6D of the Corporations Act, on the terms and conditions set out in the Explanatory Statement that accompanies and forms part of this Notice.”

VOTING EXCLUSION

The Company will disregard any votes cast on this Resolution by:

- persons who participated in the issue; or
- any associates of those persons.

However, the Company need not disregard a vote 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 the direction on the proxy form to vote as the proxy decides.

RESOLUTION 2: APPROVAL FOR ISSUE OF OPTIONS

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

“That for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 21,000,000 options to acquire ordinary fully paid shares in the Company to professional, sophisticated and other exempt investors that do not require disclosure under Chapter 6D of the Corporations Act, on the terms and conditions set out in the Explanatory Statement that accompanies and forms part of this Notice.”

VOTING EXCLUSION

The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed 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.

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.

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RESOLUTION 3: APPROVAL FOR ISSUE OF CONVERTIBLE NOTES

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

“That for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 1,000,000 unsecured convertible notes with a face value of \$1.00 each to professional, sophisticated and other exempt investors that do not require disclosure under Chapter 6D of the Corporations Act and the issue of the maximum number of ordinary fully paid shares that may be required to be issued upon conversion of the unsecured convertible notes, on the terms and conditions set out in the Explanatory Statement that accompanies and forms part of this Notice.”

VOTING EXCLUSION

The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed 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.

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 4: APPROVAL FOR ISSUE OF OPTIONS

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

“Subject to the passing of Resolution 2 above, that for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 25,000,000 unlisted options to acquire ordinary fully paid shares in the Company to professional, sophisticated and other exempt investors that do not require disclosure under Chapter 6D of the Corporations Act, on the terms and conditions set out in the Explanatory Statement that accompanies and forms part of this Notice.”

VOTING EXCLUSION

The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed 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.

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 5A: APPROVAL FOR DIRECTOR TO PARTICIPATE IN ISSUE OF CONVERTIBLE NOTES AND OPTIONS – MICHAEL QUINERT

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, shareholders approve the participation of Mr Michael Quinert, a Director of the Company (or his associates), in the issue of unsecured convertible notes and options by:

- **subscribing for up to 20,000 unsecured convertible notes with a face value of \$1.00(which are convertible to a maximum of 575,000 ordinary, fully paid shares); and**
- **the issue of 500,000 options to acquire ordinary fully paid shares,**

as described in the Explanatory Statement that accompanies and forms part of this Notice.”

VOTING EXCLUSION

The Company will disregard votes cast on this Resolution by a person who is to receive the securities, persons who may participate in the proposed issue and persons who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary shares, if this Resolution is passed and any associates of those persons.

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However, the Company need not disregard a vote 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 the direction on the proxy form to vote as the proxy decides.

RESOLUTION 5B: APPROVAL FOR DIRECTOR TO PARTICIPATE IN ISSUE OF CONVERTIBLE NOTES AND OPTIONS – JAMES MCKERLIE

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, shareholders approve the participation of Mr James McKerlie, a Director of the Company (or his associates), in the issue of unsecured convertible notes and options by:

- **subscribing for up to 100,000 unsecured convertible notes with a face value of \$1.00 (which are convertible to a maximum of 2,875,000 ordinary, fully paid shares); and;**
- **the issue of 2,500,000 options to acquire ordinary fully paid shares,**

as described in the Explanatory Statement that accompanies and forms part of this Notice.”

VOTING EXCLUSION

The Company will disregard votes cast on this Resolution by a person who is to receive the securities, persons who may participate in the proposed issue and persons who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary shares, if this Resolution is passed and any associates of those persons.

However, the Company need not disregard a vote 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 the direction on the proxy form to vote as the proxy decides.

RESOLUTION 5C: APPROVAL FOR DIRECTOR TO PARTICIPATE IN ISSUE OF CONVERTIBLE NOTES AND OPTIONS – PAUL GARDNER

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, shareholders approve the participation of Mr Paul Gardner, a Director of the Company (or his associates), in the issue of unsecured convertible notes and options by:

- **subscribing for up to 25,000 unsecured convertible notes with a face value of \$1.00 (which are convertible to a maximum of 718,750 ordinary, fully paid shares); and;**
- **the issue of 625,000 options to acquire ordinary fully paid shares,**

as described in the Explanatory Statement that accompanies and forms part of this Notice.”

VOTING EXCLUSION

The Company will disregard votes cast on this Resolution by a person who is to receive the securities, persons who may participate in the proposed issue and persons who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary shares, if this Resolution is passed and any associates of those persons.

However, the Company need not disregard a vote 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 the direction on the proxy form to vote as the proxy decides.

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RESOLUTION 5D: APPROVAL FOR DIRECTOR TO PARTICIPATE IN ISSUE OF CONVERTIBLE NOTES AND OPTIONS – GARY COX

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, shareholders approve the participation of Mr Gary Cox, a Director of the Company (or his associates), in the issue of unsecured convertible notes and options by:

- **subscribing for up to 50,000 unsecured convertible notes with a face value of \$1.00 (which are convertible to a maximum of 1,437,500 ordinary, fully paid shares); and;**
- **the issue of 1,250,000 options to acquire ordinary fully paid shares,**

as described in the Explanatory Statement that accompanies and forms part of this Notice.”

VOTING EXCLUSION

The Company will disregard votes cast on this Resolution by a person who is to receive the securities, persons who may participate in the proposed issue and persons who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary shares, if this Resolution is passed and any associates of those persons.

However, the Company need not disregard a vote 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 the direction on the proxy form to vote as the proxy decides.

RESOLUTION 6A: ISSUE OF OPTIONS TO A DIRECTOR – JAMES MCKERLIE

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

“That for the purposes of ASX Listing Rule 10.11, approval is given for the issue of 1,500,000 unlisted options to acquire ordinary fully paid shares in the Company to Mr James McKerlie, a Director of the Company, or his nominee, as set out in the Explanatory Statement accompanying this Notice.”

VOTING EXCLUSION

The Company will disregard votes cast on this Resolution by James McKerlie and any of his associates.

However, the Company need not disregard a vote 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 the direction on the proxy form to vote as the proxy decides.

RESOLUTION 6B: ISSUE OF OPTIONS TO A DIRECTOR – ANTHONY OWEN

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

“That for the purposes of ASX Listing Rule 10.11, approval is given for the issue of 1,500,000 unlisted options to acquire ordinary fully paid shares in the Company to Mr Anthony Owen, a Director of the Company, or his nominee, as set out in the Explanatory Statement accompanying this Notice.”

VOTING EXCLUSION

The Company will disregard votes cast on this Resolution by Anthony Owen and any of his associates.

However, the Company need not disregard a vote 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 the direction on the proxy form to vote as the proxy decides.

RESOLUTION 6C: ISSUE OF OPTIONS TO A DIRECTOR – MICHAEL QUINERT

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

“That for the purposes of ASX Listing Rule 10.11, approval is given for the issue of 750,000 unlisted options to acquire ordinary fully paid shares in the Company to Mr Michael Quinert, a Director of the Company, or his nominee, as set out in the Explanatory Statement accompanying this Notice.”

VOTING EXCLUSION

The Company will disregard votes cast on this Resolution by Michael Quinert and any of his associates.

However, the Company need not disregard a vote 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 the direction on the proxy form to vote as the proxy decides.

RESOLUTION 6D: ISSUE OF OPTIONS TO A DIRECTOR – PAUL GARDNER

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

“That for the purposes of ASX Listing Rule 10.11, approval is given for the issue of 750,000 unlisted options to acquire ordinary fully paid shares in the Company to Mr Paul Gardner, a Director of the Company, or his nominee, as set out in the Explanatory Statement accompanying this Notice.”

VOTING EXCLUSION

The Company will disregard votes cast on this Resolution by Paul Gardner and any of his associates.

However, the Company need not disregard a vote 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 the direction on the proxy form to vote as the proxy decides.

RESOLUTION 6E: ISSUE OF OPTIONS TO A DIRECTOR – GARY COX

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

“That for the purposes of ASX Listing Rule 10.11, approval is given for the issue of 750,000 unlisted options to acquire ordinary fully paid shares in the Company to Mr Gary Cox, a Director of the Company, or his nominee, as set out in the Explanatory Statement accompanying this Notice.”

VOTING EXCLUSION

The Company will disregard votes cast on this Resolution by Gary Cox and any of his associates.

However, the Company need not disregard a vote 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 the direction on the proxy form to vote as the proxy decides.

RESOLUTION 7: AMENDMENT TO CONSTITUTION

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

“That clause 57 of the Constitution of the Company be amended as set out in Annexure 2 to the Explanatory Statement which accompanies and forms part of this Notice”

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RESOLUTION 8: VARIATION TO NON-EXECUTIVE DIRECTOR REMUNERATION POOL

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

"That, for the purpose of the Company's Constitution and for all other purposes, the aggregate maximum sum payable collectively to the Non-Executive Directors of the Company be varied to \$500,000, it being noted that the current aggregate maximum sum payable collective to the Non-Executive Directors of the Company is \$240,000."

VOTING EXCLUSION

The Company will disregard votes cast on this Resolution by any of the Company's Directors and any of their associates.

However, the Company need not disregard a vote 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 the direction on the proxy form to vote as the proxy decides.

Dated: 18 November 2016

By Order of the Board of Directors of Manalto Limited

Lucy Rowe
Company Secretary
Manalto Limited

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

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PROXY AND VOTING INSTRUCTIONS

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 (Sydney time) on Saturday, 17 December 2016 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.

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 2:00 pm Sydney time on Saturday, 17 December 2016:

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out below and on the Proxy Form.

To vote by proxy, the completed enclosed Proxy Form must be lodged either:

- via mail to Computershare Limited GPO Box 242, Melbourne VIC 3001;
- by hand to Computershare Limited at Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067;
- by fax to (within Australia) 1800 783 447 or (outside Australia) +61 3 9473 2555
- online at <http://www.investorvote.com.au>
- online at <http://www.intermediaryonline.com> (for intermediary online users online)

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

Subject to the restrictions set out below, the Chair of the meeting intends to vote undirected proxies on, and in favour of, all the proposed resolutions.

UNDIRECTED PROXIES ON RESOLUTIONS 6A-6E AND 8

The Corporations Act imposes prohibitions on Key Management Personnel and their Closely Related Parties from voting undirected proxies on, amongst other things, remuneration matters. Resolutions 6A-6E and Resolution 8 are connected, directly or indirectly, with the remuneration of Key Management Personnel of the Company.

However, the Chair of the meeting may vote an undirected proxy (i.e. a proxy that does not specify how it is to be voted), provided the shareholder who has lodged the proxy has given an express voting direction to the Chair to exercise the undirected proxy, even if the resolution is connected with the remuneration of a member of the Key Management Personnel.

If you complete a proxy form that authorises the Chair of the Meeting to vote on your behalf as proxy, and you do not mark any boxes so as to give him directions about how your vote should be cast, then you will be taken to have expressly authorised the Chair to exercise your proxy on Resolutions 6A-6E and 8. In accordance with this express authority provided by you, the Chairman will vote in favour of Resolutions 6A-6E and Resolution 8. If you wish to appoint the Chair as your proxy, and you wish to direct him how to vote, please tick the appropriate boxes on the Proxy Form attached to this Notice.

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.

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 7 is a special resolution.

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MANALTO LIMITED [ACN 098 640 352]

**EXTRAORDINARY GENERAL MEETING
EXPLANATORY STATEMENT**

PURPOSE OF INFORMATION

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

BUSINESS OF THE MEETING

RESOLUTION 1: RATIFICATION OF PRIOR ISSUE OF CONVERTIBLE NOTES

Resolution 1 seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for the prior issue of 840,000 unsecured convertible notes with a face value of \$1.00 each (**Convertible Notes**) to professional, sophisticated and other exempt investors that do not require disclosure under Chapter 6D of the Corporations Act. The Convertible Notes are not convertible unless and until the Company's capacity under Listing Rule 7.1 is refreshed at the Annual General Meeting scheduled for 15 November 2016. If the Company's capacity is refreshed the Convertible Notes become convertible at the election of the holders in accordance with their terms and therefore reduce the Company's capacity under Listing Rule 7.1.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any twelve (12) month period any equity securities, or other securities with rights to conversion to equity (such as options), if the number of those securities exceeds 15% of the share capital of the Company on issue at the commencement of that twelve (12) month period.

ASX Listing Rule 7.4 provides that where a company's shareholders ratify the prior issue of securities made pursuant to ASX Listing Rules 7.1 (provided that the previous issue of securities did not breach those rules) those securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rules 7.1. The Company seeks approval under Listing Rule 7.4 to refresh its capacity to make further issues without shareholder approval under Listing Rule 7.1.

The following information is provided in accordance with the requirements of ASX Listing Rule 7.5:

- The number of securities issued was 840,000 Convertible Notes.
- Each Convertible Note was issued at a face value of \$1.00.
- Each Convertible Note (together with capitalised interest) is convertible at a price of \$0.04 (4 cents) per ordinary share, with fractional entitlements rounded up.
- The Convertible Notes otherwise have terms as set out in Annexure 1 to this Statement.
- The Convertible Notes were issued to professional, sophisticated and other exempt investors who were clients of Henslow Pty Ltd who do not require disclosure under Chapter 6D of the Corporations Act.
- A voting exclusion statement is contained in the Notice accompanying this Statement.
- Funds raised from the issue have (or will) be used by the Company to meet its ongoing working capital expenses and to expand its engineering and sales teams.
- If the Company's capacity under Listing Rule 7.1 is not refreshed at the Annual General Meeting scheduled for 15 November 2016 then Resolution 1 will be withdrawn.

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RESOLUTION 2: APPROVAL FOR ISSUE OF OPTIONS

Resolution 2 seeks shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of up to 21,000,000 options to acquire ordinary fully paid shares (each option having an exercise price of \$0.07 and expiring 12 months from the date of issue) to professional, sophisticated and other exempt investors that do not require disclosure under Chapter 6D of the Corporations Act. The options the subject of this resolution are to be issued to investors in the unsecured convertible notes that subject of Resolution 1 on the basis of 25 options for each unsecured convertible note.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the company's issued share capital at the commencement of that 12 month period. One circumstance where an action or an issue is not taken into account in the calculation of the 15% threshold is where the issue has the prior approval of shareholders at a general meeting.

ASX Listing Rule 7.3 requires that the meeting document concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 7.1 must contain the following information:

- The maximum number of securities to be issued under the approval sought through this Resolution is 21,000,000 unlisted options to acquire ordinary fully paid shares.
- Each option has an exercise price of \$0.07 and expire 12 months from the date of issue.
- The options will be issued and allotted no later than three (3) months after the date of the meeting (or such later date as may be permitted by an ASX waiver of the Listing Rules, the Corporations Act and/or the Australian Securities and Investment Commission).
- There will be no issue price. The options will be issued on the basis of 25 options for each unsecured convertible note subscribed for in the Company's recent capital raising (the ratification of such unsecured convertible notes the subject of Resolution 1).
- The options will be issued to professional, sophisticated and other exempt investors who are clients of Henslow Pty Ltd that do not require disclosure under Chapter 6D of the Corporations Act.
- No funds will be raised from issue of the options. Any funds raised upon exercise of the options will be applied to the working capital requirements of the Company at the time of exercise.
- A voting exclusion is contained in the Notice accompanying this Statement.
- The Directors unanimously recommend shareholders vote in favour of this Resolution 2.
- If Resolution 1 is not passed then Resolution 2 will be withdrawn.

RESOLUTION 3: APPROVAL FOR ISSUE OF CONVERTIBLE NOTES

Resolution 3 seeks shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of up to 1,000,000 unsecured convertible notes with a face value of \$1.00 each (**Convertible Notes**), and the issue of up to the maximum number of ordinary, fully paid shares in the Company that may be required to be issued upon conversion of the Convertible Notes (being a maximum of 28,750,000 ordinary fully paid shares), to professional, sophisticated and other exempt investors that do not require disclosure under Chapter 6D of the Corporations Act.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the company's issued share capital at the commencement of that 12 month period. One circumstance where an action or an issue is not taken into account in the calculation of the 15% threshold is where the issue has the prior approval of shareholders at a general meeting.

ASX Listing Rule 7.2 Exception 4 provides that Listing Rule 7.1 does not apply to an issue on conversion of convertible securities. As such, separate approval is not required for conversion of the Convertible Notes.

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ASX Listing Rule 7.3 requires that the meeting document concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 7.1 must contain the following information:

- The maximum number of securities to be issued under the approval sought through this Resolution are 1,000,000 Convertible Notes (which are convertible to a maximum of 28,750,000 ordinary fully paid shares).
- Each Convertible Note (together with capitalised interest) is convertible at a price of \$0.04 (4 cents) per ordinary share, with fractional entitlements rounded up.
- The Convertible Notes otherwise have terms as set out in Annexure 1 to this Statement.
- Convertible Notes will be issued and allotted no later than three (3) months after the date of the meeting (or such later date as may be permitted by an ASX waiver of the Listing Rules, the Corporations Act and/or the Australian Securities and Investment Commission).
- Convertible Notes will be issued to professional, sophisticated and other exempt investors who are clients of Henslow Pty Ltd that do not require disclosure under Chapter 6D of the Corporations Act.
- The Convertible Notes have a face value of \$1.00 each. Funds raised through the issue of the Convertible Notes will be used to meet the Company's ongoing working capital expenses and to expand the Company's engineering and sales teams.
- A voting exclusion is contained in the Notice accompanying this Statement.
- The Directors unanimously recommend shareholders vote in favour of this Resolution 3.

RESOLUTION 4: APPROVAL FOR ISSUE OF OPTIONS

Subject to the passing of Resolution 3 above, Resolution 4 seeks shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of up to 25,000,000 options to acquire ordinary fully paid shares (each option having an exercise price of \$0.07 and expiring 12 months from the date of issue) to professional, sophisticated and other exempt investors that do not require disclosure under Chapter 6D of the Corporations Act. The options the subject of this resolution are to be issued to investors in the unsecured convertible notes that subject of Resolution 2 on the basis of 25 options for each unsecured convertible.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the company's issued share capital at the commencement of that 12 month period. One circumstance where an action or an issue is not taken into account in the calculation of the 15% threshold is where the issue has the prior approval of shareholders at a general meeting.

ASX Listing Rule 7.3 requires that the meeting document concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 7.1 must contain the following information:

- The maximum number of securities to be issued under the approval sought through this Resolution is 25,000,000 options to acquire ordinary fully paid shares.
- Each option has an exercise price of \$0.07 and having the same expiry date as the options the subject of Resolution 2.
- The options will be issued and allotted no later than three (3) months after the date of the meeting (or such later date as may be permitted by an ASX waiver of the Listing Rules, the Corporations Act and/or the Australian Securities and Investment Commission).
- There will be no issue price. The options will be issued on the basis of 25 options for each unsecured convertible note (having a face value of \$1.00) subscribed for (the approval of such unsecured convertible notes is the subject of Resolution 2).
- The options will be issued to professional, sophisticated and other exempt investors who are clients of Henslow Pty Ltd that do not require disclosure under Chapter 6D of the Corporations Act.

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- No funds will be raised from issue of the options. Any funds raised upon exercise of the options will be applied to the working capital requirements of the Company at the time of exercise.
- A voting exclusion is contained in the Notice accompanying this Statement.
- The Directors unanimously recommend shareholders vote in favour of this Resolution 4.
- If Resolution 3 is not passed Resolution 4 will be withdrawn.

RESOLUTIONS 5A – 5D: APPROVAL FOR DIRECTORS TO PARTICIPATE IN ISSUE OF CONVERTIBLE NOTES AND OPTIONS (GENERAL)

Resolutions 5A-5D seek shareholder approval for Mr Anthony Owen, Mr Michael Quinert, Mr James McKerlie, Mr Paul Gardner and Mr Gary Cox, each Directors of the Company (or their associates), to participate in the issue of the Convertible Notes the subject of Resolution 3 and the related issue of options the subject of Resolution 4 by having the right, but not the obligation, to subscribe for up to a set number of Convertible Notes, each with a face value of \$1.00, convertible into fully paid ordinary shares in the Company, with 25 options issued for each Convertible Note subscribed for as described below.

Each Convertible Note is convertible at a price of \$0.04 (4 cents) per ordinary share, with fractional entitlements rounded up.

Options have an exercise price of \$0.07 (7 cents), expire 12 months from the date of issue and, upon exercise, entitle the holder to one ordinary fully paid share in the Company.

If Resolutions 5A-5D each of the Directors will have the right, but not the obligation, to participate in the issue of Convertible Notes and options by subscribing for up to the approved limit. For the avoidance of doubt, the securities the subject of these Resolutions form part of (i.e. are not in addition to) the Convertible Notes and options the subject of Resolutions 3 and 4.

ASX Listing Rules

ASX Listing Rule 10.11 requires a company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a related party of the company. For the purpose of Listing Rule 10.11, a related party include a Director of the company, an entity over which a Director has control and an entity which ASX believes, or has reasonable grounds to believe, is likely to become a related party of the company in the future.

Shareholder approval is being sought under Listing Rule 10.11 and as such approval is not required under ASX Listing Rule 7.1.

Listing Rule 10.12 Exception 7 provides that shareholder approval is not required where a related party is issued securities upon the conversion of a convertible security. As such, separate approval is not required for conversion of the Convertible Notes.

Corporations Act

Section 208 of the Corporations Act provides that a public company must not, subject to certain exceptions, give a financial benefit to a related party without approval of the company's members. Section 228 of the Corporations Act defines a "related party" for the purposes of Chapter 2E to include:

- directors of the public company (section 228(2)(a)); and
- an entity controlled by directors of the public company (section 228(4)).

Mr Owen, Mr Quinert, Mr McKerlie, Mr Gardner and Mr Cox are Directors of the Company and are therefore related parties of the Company for the purposes of Chapter 2E of the Corporations Act.

A "financial benefit" is defined in section 229 of the Corporations Act and includes issuing shares to a related party.

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Section 210 of the Corporations Act provides an exception to the requirement to obtain shareholder approval for giving a financial benefit to a related party, where the financial benefit is on terms that would be reasonable in the circumstances if the public company and the related party were dealing at arm's length.

The Company considers the proposed issues of securities the subject of Resolutions 5A-5D will be made on arm's length as they form part of, and are on the same terms as, the issue of Convertible Notes and options to investors who are not related parties of the Company. As such, the Company considers that the proposed issue falls within the exception set out in section 210 of the Corporations Act.

The nature of the financial benefit to be given to Mr Owen, Mr Quinert, Mr McKerlie, Mr Gardner and Mr Cox is the interest in the Convertible Notes and options, and the ordinary shares that are to be issued if they convert the Convertible Notes and/or the options they subscribe for into ordinary shares.

RESOLUTION 5A: APPROVAL FOR DIRECTOR TO PARTICIPATE IN ISSUE OF CONVERTIBLE NOTES AND OPTIONS – MICHAEL QUINERT

Resolution 5A seeks shareholder approval for Mr Michael Quinert, a Director of the Company, (or his associates) to participate in the issue of Convertible Notes by subscribing for up to 20,000 Convertible Notes, each with a face value of \$1.00 (for a subscription sum of \$20,000), the issue of up to the maximum number of ordinary, fully paid shares in the Company that may be required to be issued upon conversion of the Convertible Notes (being up to 575,000 ordinary fully paid shares), be issued with 25 options for each Convertible Note subscribed.

Each Convertible Note is convertible at a price of \$0.04 (4 cents) per ordinary share, with fractional entitlements rounded up.

Options have an exercise price of \$0.07 (7 cents), expire 12 months from the date of issue and, upon exercise, entitle the holder to one ordinary fully paid share in the Company.

If approval is obtained under Resolution 5A, Mr Quinert will have the right, but not the obligation, to participate in the issue of Convertible Notes (on the same terms as other investors) up to the approved limit. For the avoidance of doubt, the securities the subject of these Resolutions form part of the Convertible Notes and options the subject of Resolutions 3 and 4.

ASX Listing Rule 10.13 requires the meeting documents concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 10.11 must include the following information:

- The Convertible Notes, shares upon conversion of the Convertible Notes and options will be issued to Mr Quinert, a Director of the Company, or his associates.
- The maximum number of securities to be issued are:
 - 20,000 Convertible Notes (which convert to up to 575,000 ordinary fully paid shares); and
 - 500,000 options.
- Each Convertible Note is convertible at a price of \$0.04 (4 cents) per ordinary share, with fractional entitlements rounded up.
- The Convertible Notes otherwise have terms as set out in Annexure 1 to this Statement.
- Convertible Notes will be issued and allotted no later than one (1) month after the date of the meeting (or such later date as may be permitted by an ASX waiver of the Listing Rules, the Corporations Act and/or the Australian Securities and Investment Commission).
- The Convertible Notes have a face value of \$1.00 each. Funds raised through the issue of the Convertible Notes will be used to meet the Company's ongoing working capital expenses and to expand the Company's engineering and sales teams.
- Each option has an exercise price of \$0.07 and expire 12 months from the date of issue.

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- The options will be issued and allotted no later than one (1) month after the date of the meeting (or such later date as may be permitted by an ASX waiver of the Listing Rules, the Corporations Act and/or the Australian Securities and Investment Commission).
- There will be no issue price. The options will be issued on the basis of 25 options for each unsecured convertible note subscribed for in the Company's recent capital raising.
- The non-associated Directors of the Company recommend shareholders vote in favour of Resolution 5A.
- A voting exclusion is contained in the Notice accompanying this Statement.
- If Resolutions 3 and 4 above are not passed Resolution 5A will be withdrawn.

RESOLUTION 5B: APPROVAL FOR DIRECTOR TO PARTICIPATE IN ISSUE OF CONVERTIBLE NOTES AND OPTIONS – JAMES MCKERLIE

Resolution 5B seeks shareholder approval for Mr James McKerlie, a Director of the Company, (or his associates) to participate in the issue of Convertible Notes by subscribing for up to 100,000 Convertible Notes, each with a face value of \$1.00 (for a subscription sum of \$100,000), the issue of up to the maximum number of ordinary, fully paid shares in the Company that may be required to be issued upon conversion of the Convertible Notes (being up to 2,875,000 ordinary fully paid shares), be issued with 25 options for each Convertible Note subscribed.

Each Convertible Note is convertible at a price of \$0.04 (4 cents) per ordinary share, with fractional entitlements rounded up.

Options have an exercise price of \$0.07 (7 cents), expire 12 months from the date of issue and, upon exercise, entitle the holder to one ordinary fully paid share in the Company.

If approval is obtained under Resolution 5B, Mr McKerlie will have the right, but not the obligation, to participate in the issue of Convertible Notes (on the same terms as other investors) up to the approved limit. For the avoidance of doubt, the securities the subject of these Resolutions form part of the Convertible Notes and options the subject of Resolutions 3 and 4.

ASX Listing Rule 10.13 requires the meeting documents concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 10.11 must include the following information:

- The Convertible Notes, shares upon conversion of the Convertible Notes and options will be issued to Mr McKerlie, a Director of the Company, or his associates.
- The maximum number of securities to be issued are:
 - 100,000 Convertible Notes (which convert to up to 2,875,000 ordinary fully paid shares); and
 - 2,500,000 options.
- Each Convertible Note is convertible at a price of \$0.04 (4 cents) per ordinary share, with fractional entitlements rounded up.
- The Convertible Notes otherwise have terms as set out in Annexure 1 to this Statement.
- Convertible Notes will be issued and allotted no later than one (1) month after the date of the meeting (or such later date as may be permitted by an ASX waiver of the Listing Rules, the Corporations Act and/or the Australian Securities and Investment Commission).
- The Convertible Notes have a face value of \$1.00 each. Funds raised through the issue of the Convertible Notes will be used to meet the Company's ongoing working capital expenses and to expand the Company's engineering and sales teams.

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- Each option has an exercise price of \$0.07 and expire 12 months from the date of issue.
- The options will be issued and allotted no later than one (1) month after the date of the meeting (or such later date as may be permitted by an ASX waiver of the Listing Rules, the Corporations Act and/or the Australian Securities and Investment Commission).
- There will be no issue price. The options will be issued on the basis of 25 options for each unsecured convertible note subscribed for in the Company's recent capital raising.
- The non-associated Directors of the Company recommend shareholders vote in favour of Resolution 5B.
- A voting exclusion is contained in the Notice accompanying this Statement.
- If Resolutions 3 and 4 above are not passed Resolution 5B will be withdrawn.

RESOLUTION 5C: APPROVAL FOR A DIRECTOR TO PARTICIPATE IN ISSUE OF CONVERTIBLE NOTES AND OPTIONS – PAUL GARDNER

Resolution 5C seeks shareholder approval for Mr Paul Gardner, a Director of the Company, (or his associates) to participate in the issue of Convertible Notes by subscribing for up to 25,000 Convertible Notes, each with a face value of \$1.00 (for a subscription sum of \$25,000), the issue of up to the maximum number of ordinary, fully paid shares in the Company that may be required to be issued upon conversion of the Convertible Notes (being up to 718,750 ordinary fully paid shares), be issued with 25 options for each Convertible Note subscribed.

Each Convertible Note is convertible at a price of \$0.04 (4 cents) per ordinary share, with fractional entitlements rounded up.

Options have an exercise price of \$0.07 (7 cents), expire 12 months from the date of issue and, upon exercise, entitle the holder to one ordinary fully paid share in the Company.

If approval is obtained under Resolution 5C, Mr Gardner will have the right, but not the obligation, to participate in the issue of Convertible Notes (on the same terms as other investors) up to the approved limit. For the avoidance of doubt, the securities the subject of these Resolutions form part of the Convertible Notes and options the subject of Resolutions 3 and 4.

ASX Listing Rule 10.13 requires the meeting documents concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 10.11 must include the following information:

- The Convertible Notes, shares upon conversion of the Convertible Notes and options will be issued to Mr Gardner, or his associates.
- The maximum number of securities to be issued are:
 - 25,000 Convertible Notes (which convert to up to 718,750 ordinary fully paid shares); and
 - 625,000 options.
- Each Convertible Note is convertible at a price of \$0.04 (4 cents) per ordinary share, with fractional entitlements rounded up.
- The Convertible Notes otherwise have terms as set out in Annexure 1 to this Statement.
- Convertible Notes will be issued and allotted no later than one (1) month after the date of the meeting (or such later date as may be permitted by an ASX waiver of the Listing Rules, the Corporations Act and/or the Australian Securities and Investment Commission).
- The Convertible Notes have a face value of \$1.00 each. Funds raised through the issue of the Convertible Notes will be used to meet the Company's ongoing working capital expenses and to expand the Company's engineering and sales teams.

- Each option has an exercise price of \$0.07 and expire 12 months from the date of issue.
- The options will be issued and allotted no later than one (1) month after the date of the meeting (or such later date as may be permitted by an ASX waiver of the Listing Rules, the Corporations Act and/or the Australian Securities and Investment Commission).
- There will be no issue price. The options will be issued on the basis of 25 options for each unsecured convertible note subscribed for in the Company's recent capital raising.
- The non-associated Directors of the Company recommend shareholders vote in favour of Resolution 5C.
- A voting exclusion is contained in the Notice accompanying this Statement.
- If Resolutions 3 and 4 above are not passed Resolution 5C will be withdrawn.

RESOLUTION 5D: APPROVAL FOR A DIRECTOR TO PARTICIPATE IN ISSUE OF CONVERTIBLE NOTES AND OPTIONS – GARY COX

Resolution 5D seeks shareholder approval for Mr Gary Cox, a Director of the Company, (or his associates) to participate in the issue of Convertible Notes by subscribing for up to 50,000 Convertible Notes, each with a face value of \$1.00 (for a subscription sum of \$50,000), the issue of up to the maximum number of ordinary, fully paid shares in the Company that may be required to be issued upon conversion of the Convertible Notes (being up to 1,437,500 ordinary fully paid shares), be issued with 25 options for each Convertible Note subscribed.

Each Convertible Note is convertible at a price of \$0.04 (4 cents) per ordinary share, with fractional entitlements rounded up.

Options have an exercise price of \$0.07 (7 cents), expire 12 months from the date of issue and, upon exercise, entitle the holder to one ordinary fully paid share in the Company.

If approval is obtained under Resolution 5D, Mr Cox will have the right, but not the obligation, to participate in the issue of Convertible Notes (on the same terms as other investors) up to the approved limit. For the avoidance of doubt, the securities the subject of these Resolutions form part of the Convertible Notes and options the subject of Resolutions 3 and 4.

ASX Listing Rule 10.13 requires the meeting documents concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 10.11 must include the following information:

- The Convertible Notes, shares upon conversion of the Convertible Notes and options will be issued to Mr Cox, a Director of the Company, or his associates.
- The maximum number of securities to be issued are:
 - 50,000 Convertible Notes (which convert to up to 1,437,500 ordinary fully paid shares); and
 - 1,250,000 options.
- Each Convertible Note is convertible at a price of \$0.04 (4 cents) per ordinary share, with fractional entitlements rounded up.
- The Convertible Notes otherwise have terms as set out in Annexure 1 to this Statement.
- Convertible Notes will be issued and allotted no later than one (1) month after the date of the meeting (or such later date as may be permitted by an ASX waiver of the Listing Rules, the Corporations Act and/or the Australian Securities and Investment Commission).

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- The Convertible Notes have a face value of \$1.00 each. Funds raised through the issue of the Convertible Notes will be used to meet the Company's ongoing working capital expenses and to expand the Company's engineering and sales teams.
- Each option has an exercise price of \$0.07 and expire 12 months from the date of issue.
- The options will be issued and allotted no later than one (1) month after the date of the meeting (or such later date as may be permitted by an ASX waiver of the Listing Rules, the Corporations Act and/or the Australian Securities and Investment Commission).
- There will be no issue price. The options will be issued on the basis of 25 options for each unsecured convertible note subscribed for in the Company's recent capital raising.
- The non-associated Directors of the Company recommend shareholders vote in favour of Resolution 5D.
- A voting exclusion is contained in the Notice accompanying this Statement.
- If Resolutions 3 and 4 above are not passed Resolution 5D will be withdrawn.

RESOLUTION 6A: ISSUE OF OPTIONS TO A DIRECTOR – JAMES MCKERLIE

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 1,500,000 unlisted options to a Director, Mr James McKerlie (or his nominee). Unlisted options have an exercise price of \$0.07 (7 cents), expire 3 years from the date of issue and, upon exercise, entitle the holder to an ordinary fully paid share in the Company.

The Board has formed the view that the issue of options to Mr McKerlie does not require shareholder approval under section 208 of the Corporations Act, as the issue of options constitutes 'reasonable remuneration' in accordance with section 211 of the Corporations Act. In reaching this view, the Company has considered Mr McKerlie's position, responsibility and his overall remuneration package and the need of the Company to effectively incentivise its Directors, while aligning the incentive with increasing shareholder value and the desirability of preserving cash resources within the Company.

ASX Listing Rule 10.13 requires the meeting documents concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 10.11 must include the following information:

- The options will be issued to Mr James McKerlie, a Director of the Company (or his nominee).
- The maximum number of securities to be issued is 1,500,000 unlisted options to acquire ordinary fully paid shares.
- The options have an exercise price of \$0.07 (7 cents) and expire 3 years from the date of issue.
- The Company will issue the options as soon as practical following the date of the Meeting and, in any case, within one (1) month of the date of the Meeting.
- James McKerlie is a Director of the Company.
- No funds will be raised from issue of the options. Any funds raised upon exercise of the options will be applied to the working capital requirements of the Company at the time of exercise.
- The non-associated Directors of the Company recommend shareholders vote in favour of Resolution 65A.
- A voting exclusion is contained in the Notice accompanying this Statement.

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RESOLUTION 6B: ISSUE OF OPTIONS TO A DIRECTOR – ANTHONY OWEN

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 1,500,000 unlisted options to a Director, Mr Anthony Owen (or his nominee). Unlisted options have an exercise price of \$0.07 (7 cents), expire 3 years from the date of issue and, upon exercise, entitle the holder to an ordinary fully paid share in the Company.

The Board has formed the view that the issue of options to Mr Owen does not require shareholder approval under section 208 of the Corporations Act, as the issue of options constitutes 'reasonable remuneration' in accordance with section 211 of the Corporations Act. In reaching this view, the Company has considered Mr Owen's position, responsibility and his overall remuneration package and the need of the Company to effectively incentivise its Directors, while aligning the incentive with increasing shareholder value and the desirability of preserving cash resources within the Company.

ASX Listing Rule 10.13 requires the meeting documents concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 10.11 must include the following information:

- The options will be issued to Mr Anthony Owen, a Director of the Company (or his nominee).
- The maximum number of securities to be issued is 1,500,000 unlisted options to acquire ordinary fully paid shares.
- The options have an exercise price of \$0.07 (7 cents) and expire 3 years from the date of issue.
- The Company will issue the options as soon as practical following the date of the Meeting and, in any case, within one (1) month of the date of the Meeting.
- Anthony Owen is a Director of the Company.
- No funds will be raised from issue of the options. Any funds raised upon exercise of the options will be applied to the working capital requirements of the Company at the time of exercise.
- The non-associated Directors of the Company recommend shareholders vote in favour of Resolution 6B.
- A voting exclusion is contained in the Notice accompanying this Statement.

RESOLUTION 6C: ISSUE OF OPTIONS TO A DIRECTOR – MICHAEL QUINERT

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 750,000 unlisted options to a Director, Mr Michael Quinert (or his nominee). Unlisted options have an exercise price of \$0.07 (7 cents), expire 3 years from the date of issue and, upon exercise, entitle the holder to an ordinary fully paid share in the Company.

The Board has formed the view that the issue of options to Mr Quinert does not require shareholder approval under section 208 of the Corporations Act, as the issue of options constitutes 'reasonable remuneration' in accordance with section 211 of the Corporations Act. In reaching this view, the Company has considered Mr Quinert's position, responsibility and his overall remuneration package and the need of the Company to effectively incentivise its Directors, while aligning the incentive with increasing shareholder value and the desirability of preserving cash resources within the Company.

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ASX Listing Rule 10.13 requires the meeting documents concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 10.11 must include the following information:

- The options will be issued to Mr Michael Quinert, a Director of the Company (or his nominee).
- The maximum number of securities to be issued is 750,000 unlisted options to acquire ordinary fully paid shares.
- The options have an exercise price of \$0.07 (7cents) and expire 3 years from the date of issue.
- The Company will issue the options as soon as practical following the date of the Meeting and, in any case, within one (1) month of the date of the Meeting.
- Michael Quinert is a Director of the Company.
- No funds will be raised from issue of the options. Any funds raised upon exercise of the options will be applied to the working capital requirements of the Company at the time of exercise.
- The non-associated Directors of the Company recommend shareholders vote in favour of Resolution 6C.
- A voting exclusion is contained in the Notice accompanying this Statement.

RESOLUTION 6D: ISSUE OF OPTIONS TO A DIRECTOR – PAUL GARDNER

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 750,000 unlisted options to a Director, Mr Paul Gardner (or his nominee). Unlisted options have an exercise price of \$0.07 (7 cents), expire 3 years from the date of issue and, upon exercise, entitle the holder to an ordinary fully paid share in the Company.

The Board has formed the view that the issue of options to Mr Gardner does not require shareholder approval under section 208 of the Corporations Act, as the issue of options constitutes 'reasonable remuneration' in accordance with section 211 of the Corporations Act. In reaching this view, the Company has considered the likely position of Mr Gardner, the responsibilities he is likely to have and the overall remuneration package he is likely to receive from the Company, as well as and the need of the Company to effectively incentivise its Directors, while aligning the incentive with increasing shareholder value and the desirability of preserving cash resources within the Company.

ASX Listing Rule 10.13 requires the meeting documents concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 10.11 must include the following information:

- The options will be issued to Mr Paul Gardner, a Director of the Company (or his nominee).
- The maximum number of securities to be issued is 750,000 unlisted options to acquire ordinary fully paid shares.
- The options have an exercise price of \$0.07 (7 cents) and expire 3 years from the date of issue.
- The Company will issue the options as soon as practical following the date of the Meeting and, in any case, within one (1) month of the date of the Meeting.
- Mr Gardner is a Director of the Company.

- No funds will be raised from issue of the options. Any funds raised upon exercise of the options will be applied to the working capital requirements of the Company at the time of exercise.
- The non-associated Directors of the Company recommend shareholders vote in favour of Resolution 6D.
- A voting exclusion is contained in the Notice accompanying this Statement.

RESOLUTION 6E: ISSUE OF OPTIONS TO A DIRECTOR – GARY COX

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 750,000 unlisted options to a Director, Mr Paul Gardner (or his nominee). Unlisted options have an exercise price of \$0.07 (7 cents), expire 3 years from the date of issue and, upon exercise, entitle the holder to an ordinary fully paid share in the Company.

The Board has formed the view that the issue of options to Mr Cox does not require shareholder approval under section 208 of the Corporations Act, as the issue of options constitutes 'reasonable remuneration' in accordance with section 211 of the Corporations Act. In reaching this view, the Company has considered the likely position of Mr Cox, the responsibilities he is likely to have and the overall remuneration package he is likely to receive from the Company, as well as and the need of the Company to effectively incentivise its Directors, while aligning the incentive with increasing shareholder value and the desirability of preserving cash resources within the Company.

ASX Listing Rule 10.13 requires the meeting documents concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 10.11 must include the following information:

- The options will be issued to Mr Gary Cox, a Director of the Company (or his nominee).
- The maximum number of securities to be issued is 750,000 unlisted options to acquire ordinary fully paid shares.
- The options have an exercise price of \$0.07 (7 cents) and expire 3 years from the date of issue.
- The Company will issue the options as soon as practical following the date of the Meeting and, in any case, within one (1) month of the date of the Meeting.
- Mr Cox is a Director of the Company.
- No funds will be raised from issue of the options. Any funds raised upon exercise of the options will be applied to the working capital requirements of the Company at the time of exercise.
- The non-associated Directors of the Company recommend shareholders vote in favour of Resolution 6E.
- A voting exclusion is contained in the Notice accompanying this Statement.

RESOLUTION 7: AMENDMENT FOR CONSTITUTION

The proposed amendments (as set out in Annexure 2 to this Explanatory Memorandum) at this Annual General Meeting relate to clause 57 of the Constitution.

The Company considers this meeting a good opportunity to update the Company's Constitution.

The proposed amendment to clause 57 will allow for written resolutions to be passed upon being signed by a majority of the Directors of the Company eligible to vote on the resolution. Given the number of

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Directors, and the combination of residences in USA and Australia, the amendment is proposed to enable the Company to pass resolutions more efficiently and without the need for a Board meeting in the event that one or more of the Directors is unavailable.

Please read the proposed amendments in full as set out in Annexure 2 to this Statement. Should you wish to obtain a copy of the current Company Constitution for the purpose of a comparison with the proposed amendments please direct your enquiry to Ms Lucy Rowe, the Company's Secretary, at lucy.rowe@manalto.com.

The directors of the Company unanimously recommend shareholders vote in favour of Resolution 7.

RESOLUTION 8: VARIATION TO NON-EXECUTIVE DIRECTOR REMUNERATION POOL

The Company proposed amending the maximum aggregate remuneration pool payable to non-executive Directors of the Company from \$240,000 per annum to \$500,000 per annum, an increase of \$260,000 per annum.

The Resolution increasing the aggregate remuneration pool payable to non-executive Directors will provide the Company with the flexibility and to remain competitive in attracting and retaining exceptional Board candidates. A review of the remuneration paid to non-executive Directors of companies in similar positions to that of the Company has also been undertaken, with the proposed amendment to the remuneration pool aligning with the remuneration arrangements of these other entities.

ASX Listing Rule 10.17 requires the meeting documents concerning a proposed resolution to increase the Non-Executive Director remuneration pool must include the following information:

- The non-executive Director remuneration pool is proposed to be increased from \$240,000 per annum to \$500,000 per annum.
- The increase to the non-executive Director remuneration pool will be \$260,000 per annum.
- The below table shows issues of securities to non-executive Directors under Listing Rule 10.11 or 10.14 with the approval of shareholders within the last 3 years:

Date of Issue:	Securities:	Issued to/entity associated with:
21 January 2014*	<p>1,253,350,000 ordinary fully paid shares at an issue price of \$0.000035 (0.0035 cents) per share in repayment of cash facilities provided to the Company.</p> <p>The shares were consolidated on a 500 for 1 basis pursuant to a Resolution passed at the Annual General Meeting on 21 January 2014.</p> <p>The shares were further consolidated on a 5 for 1 basis pursuant to a resolution passed at a General Meeting on 23 February 2015.</p> <p>The number of shares issued on a post consolidation basis was 501,134.</p>	Mr Trent Telford

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21 January 2014*	<p>583,350,000 ordinary fully paid shares at an issue price of \$0.000035 (0.0035 cents) per share in repayment of cash facilities provided to the Company.</p> <p>The shares were consolidated on a 500 for 1 basis pursuant to a Resolution passed at the Annual General Meeting on 21 January 2014.</p> <p>The shares were further consolidated on a 5 for 1 basis pursuant to a resolution passed at a General Meeting on 23 February 2015.</p> <p>The number of shares issued on a post consolidation basis was 233,340.</p>	Mr Richard Revelins
21 January 2014*	<p>350,000,000 ordinary fully paid shares at an issue price of \$0.000035 (0.0035 cents) per share in repayment of cash facilities provided to the Company.</p> <p>The shares were consolidated on a 500 for 1 basis pursuant to a Resolution passed at the Annual General Meeting on 21 January 2014.</p> <p>The shares were further consolidated on a 5 for 1 basis pursuant to a resolution passed at a General Meeting on 23 February 2015.</p> <p>The number of shares issued on a post consolidation basis was 140,000.</p>	Mr Michael Quinert
23 February 2015	<p>2,116,851 ordinary fully paid shares issued in connection with the acquisition of Manalto to entity associated with a director who was also a Manalto vendor.</p>	Mr Trent Telford
17 November 2015	<p>1,000,000 options to acquire ordinary fully paid shares with an exercise price of \$0.30 (30 cents) and expiring 5 years from the date of issue</p>	Mr David Fletcher
23 February 2016	<p>1,428,571 ordinary fully paid shares issued at \$0.07 (7 cents) each</p>	Mr Joseph Miller
23 February 2016	<p>500,000 options to acquire ordinary fully paid shares with an exercise price of \$0.20 (20 cents) and expiring 4 years from the date of issue.</p>	Mr Michael Quinert
15 November 2016 (assumes resolution passed at AGM)	<p>1,428,571 ordinary fully paid shares issued at \$0.07 (7 cents) each</p>	Mr Joseph Miller

**shares issued prior to the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules*

- A voting exclusion is contained in the Notice accompanying this Statement.

Note: unless otherwise specified, all monetary amounts are in Australia dollars.

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ANNEXURE 1
SUMMARY OF TERMS OF CONVERTIBLE NOTES

- Convertible Notes have a face value of \$1.00 each.
- The Convertible Notes expire 12 months from the date of issue.
- Interest is payable and capitalised in advance on each Convertible Note at a rate of 15% per annum.
- Each Convertible Note is an unsecured obligation on the Company.
- Each Convertible Note (together with capitalised interest) is convertible at a price of \$0.04 (4 cents) per ordinary share, with fractional entitlements rounded up, upon the occurrence of a Conversion Event.
- A Conversion Event is the first to occur of:
 - The Investor providing written notice to the Company that it exercises all the Notes it holds; or
 - The day which is 12 months from the date of issue of the Notes.
- Conversion of the Convertible Notes the subject of Resolution 1 is subject to the Company refreshing its capital raising capacity at its Annual General Meeting being held on 15 November 2016. Where shareholder approval is not obtained, the Company must, within 3 months of the proposed issue date, repayment to the investor principal and interest on the Convertible Notes.
- The Company may elect to effect redemption of the Convertible Notes by repaying outstanding principal and interest at any time prior to the expiry of the Convertible Notes.
- Where a judgement is made against the Company for AUD\$1,000,000 or more, an insolvency event affecting the Company occurs or the Company evinces an intention not to be bound by the terms of the Convertible Notes, the investor may immediately by written notice to the Company choose to redeem or convert their held Convertible Notes.

**ANNEXURE 2
AMENDMENT TO COMPANY CONSTITUTION**

Amendment to clause 57 of the Company Constitution


- a) Delete clause 57 (Circulating Resolutions) of the Company Constitution in full.
- b) Replace clause 57 (Circulating Resolutions) of the Company Constitution with the following:

“57 Written Resolutions

“If a majority of the Directors who are eligible to vote on a resolution sign a document containing a statement that they are in favour of a resolution in terms set out in the document, then the resolution is passed when the last Director forming part of that majority signs. For the purpose of this clause 57, separate copies of a document may be used for signing by the Directors if the wording of the resolution and statement is identical in each copy. Any document referred to in this clause 57 may be in the form of a facsimile transmission or electronic notification. If a Directors’ meeting is taken to have been held in accordance with this clause, the minutes must record that fact. This clause applies to meeting of Directors’ committees as if all Members of the committee were Directors. Any document referred to in this clause 57 must be sent to every Director who is entitled to vote on the resolution (whether or not the Director signs the document). A facsimile transmission, an email bearing the signature of the Director or an email of the Director addressed to another officer of the Company confirming agreement with the resolution and undertaking to sign the resolution as soon as practicable shall be deemed to be a document in writing by the relevant Director for the purpose of this clause.”

For personal use only

Lodge your vote:

 **Online:**
www.investorvote.com.au

 **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form



Vote online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 2.00pm (Sydney time) Saturday 17 December 2016**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

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Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Manalto Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of Manalto Limited to be held at The Offices of Grant Thornton, Level 17, 383 Kent Street, Sydney NSW on Monday 19 December 2016 at 2.00pm (Sydney time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 6a, 6b, 6c, 6d, 6e and 8 (except where I/we have indicated a different voting intention below) even though Items 6a, 6b, 6c, 6d, 6e and 8 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 6a, 6b, 6c, 6d, 6e and 8 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS	For	Against	Abstain		For	Against	Abstain
1 Ratification of prior issue of convertible notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5D Approval for Director to participate in issue of convertible notes and options - Gary Cox	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Approval for issue of options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6A Issue of options to a Director - James McKerlie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval for issue of convertible notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6B Issue of options to a Director - Anthony Owen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval for issue of options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6C Issue of options to a Director - Michael Quinert	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5A Approval for Director to participate in issue of convertible notes and options - Michael Quinert	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6D Issue of options to a Director - Paul Gardner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5B Approval for Director to participate in issue of convertible notes and options - James McKerlie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6E Issue of options to a Director - Gary Cox	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5C Approval for Director to participate in issue of convertible notes and options - Paul Gardner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Amendment to constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				8 Variation to non-executive Director remuneration pool	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1 <input type="text"/>	Securityholder 2 <input type="text"/>	Securityholder 3 <input type="text"/>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name _____ Contact Daytime Telephone _____ Date ____/____/____