



**PARMELIA
RESOURCES**

ACN 142 901 353

*To be renamed "Veriluma Limited" on
Completion.*

VERILUMA

PROSPECTUS

A Prospectus for a public offer of 50,000,000 Shares at an Offer Price of 7.0 cents each to raise \$3,500,000 (before costs) (**Public Offer**).

This Prospectus also contains:

- an offer to place 162,857,400 Shares with the Veriluma Shareholders (or their nominees) and 40,000,000 Performance Shares with the Initial Veriluma Shareholders in consideration for the acquisition of all of the issued capital of Veriluma (**Vendor Placements**);
- an offer to place 2,857,143 Shares with SJSJ (or its nominees) as payment of outstanding loans which are owed by Veriluma to SJSJ (**SJSJ Placement**); and
- an offer to place 13,800,000 Shares with Veriluma's Corporate Advisor for corporate advisory services provided to Veriluma and 3,665,883 Shares to the Lead Manager for acting as lead manager to the Company in relation to the Public Offer (**Advisor Placements**).

(together, the **Placements**).

The Director Placements are also made under this Prospectus.

This Prospectus is issued also for the purpose of re-complying with the admission requirements under Chapters 1 and 2 of the ASX Listing Rules following a change to the nature and scale of the Company's activities. The Public Offer and Placements are subject to the Conditions of Completion outlined in Section 6.5. If the Conditions of Completion are not met, the Company will not proceed with the Public Offer or Placements and the Company will repay all Application Moneys received. Refer to Section 6.5 for further information.

Lead Manager:



K S Capital Pty Limited (ACN 124 761 557) Australian Financial Services Licence: 316880

Important Information

This Prospectus provides important information to assist prospective investors in deciding whether or not to invest in the Company. It should be read in its entirety. If you do not understand it, you should consult your professional advisers. The Public Offer is not underwritten.

THE SECURITIES TO BE ISSUED UNDER THIS PROSPECTUS ARE OF A HIGHLY SPECULATIVE NATURE.

Important Information

1. Offers

This Prospectus is issued by Parmelia Resources Limited (ACN 142 901 353) (the **Company or Parmelia**) for the Public Offer of 50,000,000 Shares in the Company at an Offer Price of \$0.07 per Share to raise \$3,500,000. The Public Offer is not underwritten.

This Prospectus is also for:

- the Placements referred to in 6.3; and
- the offer to place 5,714,286 Shares and 1,000,000 Director Options to the Directors in accordance with Section 6.4 (**Director Placements**).

2. Lodgement with ASIC

This Prospectus is dated 29 July 2016 and a copy was lodged with ASIC on that date. The expiry date of the Prospectus is 13 months after the date of this Prospectus. None of ASIC, the ASX or their respective officers take any responsibility for the content of this Prospectus or for the merits of the investment to which this Prospectus relates.

No Securities will be issued or allotted on the basis of this Prospectus later than 13 months after the date of this Prospectus.

3. Exposure period

The Prospectus is subject to an exposure period of 7 days from the date of lodgement of the Prospectus with ASIC. This exposure period may be extended by ASIC for a further period of 7 days. The purpose of the exposure period is to allow this Prospectus to be examined by market participants prior to the acceptance of Applications. If this Prospectus is found to be deficient, Applications received during the exposure period will be dealt with in accordance with the Corporations Act s.724. Any Applications received during the exposure period will not be processed until after the expiry of the exposure period. No preference will be conferred on Applications received during the exposure period.

4. Application for listing on ASX

Application will be made to ASX within seven days after the date of this Prospectus for the Shares offered under this Prospectus to be quoted on the ASX. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Securities to be issued under this Prospectus.

5. Note to Applicants

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company. In particular, you should consider the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest in Securities.

Before applying for Securities, potential investors should carefully read the Prospectus so that they can make an informed assessment of:

- the rights and liabilities attaching to the Securities;
- the assets and liabilities of the Company; and
- the Company's financial position and performance, profits and losses, and prospects.

Some of the key risk factors that should be considered by prospective investors are set out in Section 1.3 and Section 3. There may be risk factors in addition to these that should be considered in light of your personal circumstances. No person named in this Prospectus, nor any other person guarantees the performance of the Company or the repayment of capital or any return on the Securities.

Any investment in the Company should be considered as highly speculative.

6. Forward looking statements

Various statements in this Prospectus may be in the nature of forward looking statements, such as 'intends', 'may', 'could', 'believes', 'estimates', 'anticipates' or 'expects', and may include statements of current intentions, statements of opinion and predictions as to future events. Such statements and information are subject to risks and uncertainties and a number of assumptions, which may cause the actual results or events to differ materially from the expectations described in the forward looking statements or information.

While the Company considers the expectations reflected in any forward looking statements or information in this Prospectus to be reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors outlined in Sections 1.3 and 3, as well as other matters not yet known to the Company or not currently considered material to the Company, may cause actual events to be materially different from those expressed, implied or projected in any forward looking statements or information. Any forward looking statement or information contained in this Prospectus is qualified by this cautionary statement.

7. Suitability of investment and risk factors

This Prospectus provides information to help investors decide whether they wish to invest in the Company. Before deciding to invest in the Company, potential investors should read this entire Prospectus, and in particular the technical information and the risk factors that could affect the future operations and activities of the Company. The Public Offer and Placements contained in this Prospectus do not take into account the investment objectives, financial situation and particular needs of individual investors. Please read the Prospectus and Application Form carefully. Professional advice should be sought before deciding to invest in any Securities the subject of this Prospectus.

8. Change in nature and scale of Activities

The Company has historically focused on mineral exploration in Australia, Philippines and Mongolia. On 24 December 2015, the Company entered into a Share Sale Agreement to acquire all of the issued capital of Veriluma (**Proposed Acquisition**). For further information on Veriluma and the Proposed

Acquisition, refer to Sections 1.2 and 2. The Proposed Acquisition will result in a significant change in the nature and scale of the Company's activities. The Company therefore convened a General Meeting to pass, amongst other resolutions, the Essential Resolutions. The Essential Resolutions included the approval of the Public Offer and the Placements, the change in nature and scale of the Company and the change of the Company's name to Veriluma Limited.

A copy of the Notice of General Meeting is available on the Company's website. The General Meeting was held on 13 July 2016 and all Essential Resolutions were passed by members of the Company.

The Company's securities have been suspended from quotation from the time the Essential Resolutions were passed at the General Meeting and will not be re-instated to Official Quotation until Completion.

9. Conditions of Public Offer and Completion

The Public Offer and Completion are conditional on the following:

- the Company raising \$3,500,000 under the Public Offer;
- the satisfaction or waiver of the Conditions Precedent to the Proposed Acquisition; and
- ASX conditional approval for reinstatement to Official Quotation of the Company's Securities on terms acceptable to the Company,

(together the **Conditions of Completion**).

If any of the Conditions of Completion are not met, the Public Offer and Placements will not proceed and the Company will repay all Application Moneys received without interest. The Company must comply with ASX requirements for its Securities to be reinstated to Official Quotation on ASX, which includes re-complying with Chapters 1 and 2 of the ASX Listing Rules. Please refer to Section 6.14 for further information.

10. Photographs and diagrams

Photographs and diagrams used in this Prospectus which do not have a description are for illustration purposes only and should not be interpreted as indicating that any person shown in them endorses any part of this Prospectus or that the assets shown in them are owned by the Company.

Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

11. Obtaining a copy of this Prospectus

During the Offer Period, you may obtain a hard copy of this Prospectus free of charge by calling +61 (0)8 6141 3500. This Prospectus is not available outside Australia.

12. Electronic prospectus

You can download a copy of this Prospectus from the Company's website at www.parmeliareources.com.au. 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.

Applications can only be submitted on an Application Form accompanying this Prospectus or in its paper copy form downloaded from www.parmeliareources.com.au. By making an Application, you declare that you were given access to the Prospectus, together with an Application Form. 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.

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.

13. Foreign jurisdictions

No action has been taken by the Company to register this Prospectus or qualify the Securities, the Public Offer or the Placements, or otherwise to permit a public offering of the Securities, in any jurisdiction outside Australia. This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and any person who comes into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Public Offer and Placements are not being extended to any investor outside Australia. This Prospectus does not constitute an offer or invitation to potential investors to whom it would not be lawful to make such an offer or invitation.

14. Privacy statement

Please refer to Section 6.30 for the Company's privacy statement.

15. Defined terms and abbreviations

Terms and abbreviations used in this Prospectus are defined in the Glossary in Section 11.

16. Disclaimer

No person is authorised to give any information or to make any representation in connection with the Public Offer and Placements that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied upon as having been authorised by the Company or the Directors. Unless expressly stated otherwise, no other document or information including on the Company's website or any other website is incorporated into this Prospectus by reference.

17. Questions

If you have any queries about the terms of the Public Offer and Placements or how to apply for Shares, you should contact your financial advisor or the Company on +61 (0)8 6141 3500. The Company is unable to advise you on the suitability or otherwise of an investment in the Company, and for such advice you must contact your own independent professional adviser.



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Key Information

Indicative Timetable

Key Milestone	Date [‡]
Despatch Notice of General Meeting	10 June 2016
General Meeting	13 July 2016
Suspension from Official Quotation	13 July 2016
Prospectus lodged with ASIC	29 July 2016
Opening Date	5 August 2016
Closing Date	30 August 2016
Completion of Proposed Acquisition, Public Offer, and Placements	8 September 2016
Re-compliance and reinstatement of the Company's Securities to Official Quotation	15 – 22 September 2016

[‡] The above dates are indicative only. The Company reserves the right to vary any of the above dates without notice, subject to the ASX Listing Rules and the Corporations Act. In particular, the Company reserves the right to vary the Closing Date without notice which may have a consequential effect on the other dates. Applicants are therefore encouraged to lodge their Application Forms as soon as possible after the Opening Date if they wish to invest in the Company.

Key Offer Statistics

Description	Statistic
Offer Price per Share under the Public Offer ⁽¹⁾	7.0 cents
Shares on issue at the date of this Prospectus	120,209,347
Total Shares offered under the Public Offer	50,000,000
Total Shares to be issued under the Vendor Placements	162,857,400
Total Performance Shares to be issued under the Vendor Placement	40,000,000
Total Shares to be issued under the SJSM Placement	2,857,143
Total Shares to be issued under the Advisors Placement	17,465,883
Total Shares to be issued under the Director Placements	5,714,286
Total New Options to be issued under the Director Placements	1,000,000
Total Shares on issue on completion of all Offers ⁽²⁾	359,104,059
Amount to be raised under the Public Offer	\$3,500,000
Market capitalisation of Company at the Offer Price ⁽²⁾	\$25,137,284
Total estimated funds on completion of the Public Offer ⁽³⁾	\$3,375,000

⁽¹⁾ Shares may not trade at the Offer Price once reinstated to Official Quotation

⁽²⁾ This represents the Offer Price multiplied by the total number of Shares on issue in the Company on Completion

⁽³⁾ This represents the sum of the combined cash prior to Completion of both Veriluma and the Company as at 30 June 2016 and the total funds to be raised under the Public Offer, less the estimated transaction costs outlined in Section 6.10.

Please refer to Section 6.11 for further details relating to the proposed capital structure of the Company.

Chairman's Letter

29 July 2016

Dear Investor

On behalf of the Directors of Parmelia Resources Limited (**Parmelia or Company**), I am pleased to introduce this Prospectus to you.

Parmelia was incorporated as Sentosa Mining Limited on 31 March 2010 originally for the purpose of acquiring and developing highly prospective mineral properties. However, as announced to the ASX on 8 December 2015, the Company has now moved to change the nature and scale of its activities through the 100% acquisition of all of the issued capital in Veriluma Pty Ltd. Veriluma is a Sydney-based software company involved in the development and early stage commercialisation of a patented process and software tool marketed under the Veriluma name that delivers Predictive Intelligence capabilities to complex scenarios and decision-making processes. Veriluma's decision-making process and software has been developed to aid individuals, businesses, governments and their agencies to reduce the margin of error in their strategic decision-making by better ensuring that the available facts, the tested logic and the reasoning frameworks used are objective and transparent. Algorithms and applications provide objective outcomes which are designed to lead to more efficient decision-making. Application opportunities to commercialise Veriluma's software tool are targeted globally across a wide range of industries, including banking and financial services, insurance, legal, government agencies and others. For further information on the business model and strategy of Veriluma, please refer to Section 2 of this Prospectus.

This Prospectus has been issued by Parmelia to enable the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules primarily through the Public Offer of 50,000,000 Shares at an Offer Price of 7.0 cents each to raise \$3,500,000. In addition to other Securities, the Company will also issue through this Prospectus 162,857,400 Shares and 40,000,000 Performance Shares to the Veriluma Shareholders in consideration for all of the issued capital of Veriluma. Post- Completion, the Company will formally change its name to Veriluma Limited.

The Proposed Acquisition and the Public Offer to raise \$3,500,000 are subject to a number of conditions summarised in Section 6.5.

Funds raised under the Public Offer will be primarily applied towards growing the Veriluma business, including by seeking to commercialise its software and patented products through sales and marketing and further product development. The Company will also continue to evaluate potential commercial opportunities to divest its existing exploration assets and projects.

The Directors believe the Proposed Acquisition of Veriluma and the proposed change of business activities will be both positive and in the interests of members.

An investment in the Company is considered to be highly speculative and subject to certain risks which are highlighted in Sections 1.3 and 3. I encourage you to read the Prospectus carefully and in its entirety before making your investment decision. If you are in any doubt as to the contents of this Prospectus, you should consult with your stockbroker, lawyer, accountant or other professional adviser.

On behalf of the Board, I am pleased to present this Prospectus and invite you to take part in this investment opportunity.

Yours faithfully,



Nigel Gellard
Chairman
Parmelia Resources Limited

1. Investment overview

1.1 Introduction

This Section is a summary only and is not intended to provide comprehensive details or full information for investors intending to apply for Shares under this Prospectus. You should read and consider the full text of this Prospectus and all of its Sections and, if in any doubt, you should consult with your professional advisers before deciding whether to apply for Shares. The Securities to be issued under this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Securities. The Securities to be issued under this Prospectus are of a highly speculative nature.

1.2 Company and Overview of Veriluma

Topic	Summary	For more information
Who is the issuer of this Prospectus?	<i>Parmelia Resources Limited (ACN 142 901 353) (to be renamed Veriluma Limited) is an Australian public company that was admitted to the Official List of the ASX on 17 December 2010 (ASX code: PML).</i>	Section 2.1
Who is Parmelia and what does it do?	<i>Parmelia was incorporated for the purpose of acquiring and developing highly prospective mineral properties. Its principal activities have historically involved the exploration of mineral resources in Australia, Philippines and Mongolia.</i> <i>The Company currently has interests in mineral tenements in the Eastern Goldfields region of Western Australia held through its 100% subsidiary, Toro Mining Pty Ltd (ACN 079 423 886) (Toro), including tenements held pursuant to a joint venture agreement between JH Mining Pty Ltd (ACN 009 423 125) (JH Mining) and Toro dated 22 July 1991 under which Toro owns a 90% interest and JH Mining owns a 10% free carry interest in the tenements to production and 100% of the surface alluvial rights.</i> <i>The Company has no other material contracts in respect of its mining interests other than the joint venture with JH Mining.</i> <i>Refer to Section 9.5 for further details.</i>	Section 2.1 Section 9.5
What is the Proposed Acquisition and the future intention of Parmelia?	<i>In light of difficult market conditions for junior exploration companies, the Company has been evaluating investment opportunities outside of the minerals industry.</i> <i>The Company has entered into a Share Sale Agreement to acquire all of the issued capital of Veriluma Pty Ltd. Following completion of the Proposed Acquisition and reinstatement of the Company's Securities to Official Quotation, the Company's primary focus will be to develop the business of Veriluma in line with its business strategy and model referred to in Section 2.5.</i> <i>The Company will also seek either a strategic partner or commercial opportunities to divest its existing mineral exploration assets and projects.</i>	Sections 2.2 and 2.5
What is the effect of the Proposed Acquisition of Veriluma?	<i>The effect of the Proposed Acquisition is that the nature and scale of the activities of the Company will significantly change from a mining exploration company to a company focused on commercialising and further developing the patented process and methodology embodied in the Veriluma software.</i>	Refer Important Information and Section 2.4

Topic	Summary	For more information
Why is the Company required to re-comply with Chapters 1 and 2 of the ASX Listing Rules?	<i>The Proposed Acquisition will constitute a significant change in the nature and scale of the Company's activities under ASX Listing Rule 11.1.</i> <i>As a result, the Company was required to seek member approval to complete the Proposed Acquisition and to re-comply with Chapters 1 and 2 of the ASX Listing Rules, being the admission and quotation requirements of ASX. The Public Offer and Placements are conditional on, amongst other things, the member approvals of the Essential Resolutions at the General Meeting and ASX approval of the reinstatement of the Company to Official Quotation on terms acceptable to the Company. The Company obtained member approval of the Essential Resolutions at the General Meeting on 13 July 2016 and the Company's securities have been suspended from trading as from the date of the General Meeting and will remain suspended until Completion.</i> <i>There is a risk that the Company will not be able to satisfy one or more of the conditions relating to ASX's approval of the reinstatement of the Company to Official Quotation and that its securities will consequently remain suspended from quotation. The Public Offer and Completion are conditional on, amongst other things, ASX approval of the Company's re-compliance with the admission and quotation requirements under Chapters 1 and 2 of the ASX Listing Rules. If the Company does not satisfy one or more of these requirements, then Completion will not occur, no Securities will be issued under this Prospectus, and the Company will repay all Application Moneys received without interest.</i>	Refer Important Information and Section 2.4
What member approvals were sought at the General Meeting?	<i>At the General Meeting held on 13 July 2016, the Company received approval from its members for the following Essential Resolutions:</i> ■ <i>the change in the nature and scale of the activities of the Company as a result of the Proposed Acquisition;</i> ■ <i>the proposed issue of Shares under the Public Offer;</i> ■ <i>the proposed issue of Shares and Performance Shares under the Vendor Placements;</i> ■ <i>the creation of the Performance Shares as a new class of security of the Company;</i> ■ <i>the issue of the Shares under the Advisor Placements;</i> ■ <i>the change in name of the Company to "Veriluma Limited"; and</i> ■ <i>the appointment of Mr Richard Charles Anstey and Ms Elizabeth Ann Whitelock as Directors.</i> <i>The Public Offer and Completion were conditional upon the passing of each of the Essential Resolutions by members of the Company. This has now occurred.</i> <i>In addition, at the General Meeting, the Company also received approval from its members for the following Non-Essential Resolutions:</i> ■ <i>the Director Placements, being the issue of 5,714,286 Shares to Mr Nigel Gellard, a Director of the Company, in satisfaction of accrued consulting fees and a total of 1,000,000 Director Options to Mr Jay Stephenson and Mr Peter Ellery, both Directors of the Company, in recognition of loyalty and past services provided to the Company;</i> ■ <i>the SJSM Placement;</i> ■ <i>an increase in the aggregate remuneration permitted to be paid by the Company to its non-executive Directors from \$250,000 to \$400,000; and</i> ■ <i>modifications to the Company's Constitution intended to bring the Constitution in line with current good corporate governance practices and the provisions of the Corporations Act.</i> <i>These Non-Essential Resolutions were also passed by members of the Company at the General Meeting held on 13 July 2016.</i>	Section 6.6

Topic	Summary	For more information												
What are the key terms of the Proposed Acquisition?	<i>In accordance with the Share Sale Agreement, the Company will issue:</i> ■ 162,857,400 Shares to the Veriluma Shareholders; and ■ 40,000,000 Performance Shares to the Initial Veriluma Shareholders in accordance with the terms and conditions set out in Section 10.2, in consideration for all of the issued capital of Veriluma. <i>The Performance Shares are divided into 3 classes and will convert into Shares on a 1 for 1 basis upon satisfaction of the following Milestones:</i> <table border="1"> <thead> <tr> <th>Class</th><th>Shares converted</th><th>Milestone</th></tr> </thead> <tbody> <tr> <td>A Performance Share</td><td>10,000,000</td><td>If within 2 years Veriluma's business achieves annual sales of not less than \$2.0 million</td></tr> <tr> <td>B Performance Share</td><td>15,000,000</td><td>If within 3 years, Veriluma's business achieves annual sales of not less than \$3.0 million</td></tr> <tr> <td>C Performance Share</td><td>15,000,000</td><td>If within 4 years, Veriluma's business achieves annual sales of not less than \$10.0 million</td></tr> </tbody> </table> <i>Completion of the Proposed Acquisition of Veriluma is subject to Conditions Precedent which are set out in detail in Section 9.2 of this Prospectus.</i> <i>In summary, the Conditions Precedent which remain to be satisfied or waived include:</i> ■ the Company raising the funds under the Public Offer; ■ subject to ASX approval, the repayment of any outstanding Veriluma Shareholder Loans at Completion from the funds to be raised under the Public Offer to the satisfaction of the Company; ■ the SJSM Placement; ■ the entry into the Executive Employment Contract between the Company and Ms Elizabeth Whitelock as Chief Executive Officer; ■ no material adverse event occurring in relation to the Company or Veriluma; ■ the Company acquiring on Completion all of the issued capital of Veriluma; ■ the Company re-complying with the admission and quotation requirements under Chapters 1 and 2 of the ASX Listing Rules and ASX approving the reinstatement to Official Quotation of the Company's Securities on terms acceptable to the Company; and ■ the Company obtaining all regulatory approvals, consents, or waivers required for the Proposed Acquisition pursuant to the ASX Listing Rules, Corporations Act and any other applicable laws. <i>Further details of the terms and conditions of the Proposed Acquisition are summarised in Section 9.2.</i> <i>As part of the Proposed Acquisition, the Company agreed to loan funds to Veriluma of up to \$330,000 under the secured Facility Agreement for the purpose of working capital and to further progress the commercialisation of the Patents and Veriluma's business. Interest of 7.00% per annum accrues on all amounts advanced and outstanding under the agreement. On Completion, all moneys will be forgiven and deemed to be repaid in full. Further details of the terms and conditions of the Facility Agreement are summarised in Section 9.4.1.</i>	Class	Shares converted	Milestone	A Performance Share	10,000,000	If within 2 years Veriluma's business achieves annual sales of not less than \$2.0 million	B Performance Share	15,000,000	If within 3 years, Veriluma's business achieves annual sales of not less than \$3.0 million	C Performance Share	15,000,000	If within 4 years, Veriluma's business achieves annual sales of not less than \$10.0 million	Section 9.2 Section 9.4 Section 10.2
Class	Shares converted	Milestone												
A Performance Share	10,000,000	If within 2 years Veriluma's business achieves annual sales of not less than \$2.0 million												
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C Performance Share	15,000,000	If within 4 years, Veriluma's business achieves annual sales of not less than \$10.0 million												



Topic	Summary	For more information
How did the Company determine the value to acquire Veriluma?	<i>In determining the number of Consideration Shares and Performance Shares to be issued to the Veriluma Shareholders, the Company considered:</i> ■ recent third-party backdoor listing transactions on the ASX involving resource companies transitioning into technology companies; ■ the advanced stage of the technology and its development and patent protection, e.g. the technology has had significant expenditure spent on developing it and securing its patent protection and has in excess 300,000 lines of code; ■ the initial validation of the technology with early stage commercialisation licensing fees and income having been earned from the Australian Department of Defence; and ■ the changing landscape of the prescriptive analytics market and the potential take up of technologies which are able to manage big data and provide prescriptive analytics. <i>The fair value of the Consideration Shares and Performance Shares has been determined by the Independent Accountant at \$13,733,486. Refer to Section 2.3 for further detail as to how this fair valuation was derived.</i>	Section 2.3
Who is Veriluma?	<i>Veriluma Pty Ltd (ACN 117 490 785) is an Australian incorporated proprietary company headquartered in Sydney, Australia. It owns a patented process and software tool marketed under the name "Veriluma" to deliver Predictive Intelligence capabilities to complex scenarios and decision making processes.</i> <i>The propriety processes and methodology embodied in the Veriluma software is protected by patent registrations in both Australia and the US.</i> <i>The concept for Veriluma's software was originally conceived within an Australian Commonwealth Government Research Centre for Distributed Systems Technology (DSTC Pty Limited) and the process and methodology were further developed with input from the Australian Department of Defence.</i> <i>Since its incorporation on 8 December 2005, Veriluma acquired the intellectual property rights behind its patented processes and software from DSTC Pty Limited and since then its activities have principally involved the further development, testing and early stage proof of concept commercialisation of the Veriluma software.</i> <i>Veriluma officially commenced commercialising its software by charging licence fees and fees for maintenance support in 2012. Its foundation customer was the Australian Department of Defence which historically since 2012 has contributed approximately 80% of Veriluma's revenues. The contract with the Australian Department of Defence for licensing fees and maintenance support has now concluded, but the department continues to use Veriluma's software under an ongoing royalty free licence. Refer to Sections 2.5.6, 3.2.2 and 9.3.1 regarding the contract with the Department of Defence.</i> <i>Total audited revenues for Veriluma from 1 July 2012 up until 31 December 2015 have been \$463,891, with research and development grant incentives totalling \$637,478 received over the same period. The total audited accumulated losses of Veriluma as at 31 December 2015 was \$1,208,788.</i> <i>Since September 2014 and in early 2016, Veriluma has entered into a number of early stage commercial licensing and joint venture arrangements with partners in energy and resources, utilities, and the financial services sectors. Further details are set out in Section 2.5.9 and in the summaries of Veriluma's material contracts in Section 9.3.</i>	Section 2.5 Section 3 Section 6.10 Section 9.3

Topic	Summary	For more information
	<i>Post-Completion, Veriluma will continue to focus on further product development, marketing and commercialisation of the Veriluma software and its products and services in accordance with its business model and strategy referred to in Section 2.5.</i> <i>The Company intends to use funds generated from the Public Offer to, amongst other things, repay the Veriluma Shareholder Loans and facilitate these business objectives. Refer to Section 6.10 for the Company's proposed use of funds.</i> <i>Veriluma has a limited trading history and carries with it the risks of an early stage technology business. Refer to Sections 1.3 and 3 for further details relating to risk factors.</i>	
What are the proposed changes to the Board?	<i>At the date of this Prospectus, the Directors of the Company are:</i> ■ <i>Nigel Gellard Executive Chairman</i> ■ <i>Peter Ellery Non-Executive Director</i> ■ <i>Jay Stephenson Non-Executive Director and Company Secretary.</i> <i>On Completion of the Proposed Acquisition, changes will be made to the Board, with the resignations of Messrs Ellery and Stephenson.</i> <i>From Completion, the Board will comprise:</i> ■ <i>Richard Anstey Non-Executive Chairman</i> ■ <i>Elizabeth Whitelock Managing Director and Chief Executive Officer</i> ■ <i>Nigel Gellard Non-Executive Director.</i> <i>Mr Stephenson will continue as Company Secretary.</i> <i>Refer to Section 5.1 for details of the relevant experience and expertise of the Directors.</i> <i>Following Completion, the Board will be comprised of one executive Director and two non-executive Directors. At the date of this Prospectus, the Company considers the size and composition of the proposed Board to be appropriate given the size and status of the Company, but will seek to identify new candidates with the necessary skills, experience and independence to complement the Board as the Company progresses its business objectives.</i>	Section 5.1
Who are the key people behind the management of Veriluma?	<i>From Completion, Ms Elizabeth Whitelock will enter into the Executive Employment Contract and be appointed as the Managing Director and Chief Executive Officer of the Company. Ms Whitelock has extensive experience in information management products and services and the Directors believe that she has the capacity and capability to implement the development, marketing and commercialisation requirements of the Company in line with its stated business objectives and strategy in Section 2.5.</i> <i>In addition, upon Completion, Mr Richard Anstey and Ms Whitelock will join the Board. Refer to Section 5.1 for further details of their qualifications and experience.</i> <i>The Company has also recruited a Business Development and Relations Manager and a Chief Technology Officer – refer to Section 5.3.</i> <i>Post-Completion, Veriluma will continue to recruit and retain appropriately qualified management staff with expertise in sales, marketing and software development in response to any increased demand for the development and commercialisation of the Veriluma software.</i>	Section 5.3 Section 2.5 Section 5.1

Topic	Summary	For more information
Who are the vendors of Veriluma?	<i>The vendors of Veriluma, being the Veriluma Shareholders, are not related parties of the Company, except that on Completion the Proposed Directors will become related parties by virtue of their appointment as directors of the Company.</i> <i>The Veriluma Shareholders comprise either founding shareholders or seed investors of Veriluma or parties who have otherwise been involved in the development of the Veriluma business model or its products, as well as parties who have assisted with facilitating the Proposed Acquisition.</i> <i>Further details of the Veriluma Shareholders are summarised in Section 9.2.7.</i>	Section 9.2
What is Veriluma's technology and related products?	<i>The Veriluma software provides Predictive Intelligence capabilities. It is a disciplined software-driven approach to reduce the complexity and guesswork in decision-making. It takes known factors and associated unknown factors and applies an algorithmic framework to reach conclusions about a stated hypothesis. The Veriluma software allows an information gathering interface to be developed to enable data to be gathered and assessed against specified questions or issues of probability. By this means, very large volumes of data may be provided and processed.</i> <i>The Veriluma software can and has been licensed with support and maintenance services. Veriluma also offers its products with training and implementation services to assist new customers. Veriluma stands behind its product with billable services to encourage customer take-up and effective use of Veriluma software.</i> <i>Veriluma intends to add functionality to the Veriluma software. Veriluma's business plans include offering automated work-flow, problem reasoning interfaces, machine learning, structured and unstructured data feeds/integration and data mining/analytics. Veriluma may itself develop this added functionality or it may license or use synergistic functionality offered by third-party software providers.</i>	Section 2.5
What is Veriluma's business model and growth strategy?	<i>Veriluma has two distinct business models and strategies:</i> <i>1. Customer Model – Horizontal Market Offering</i> <i>The first business model offers a predictive, software-based, problem-solving solution that applies to any industry or market sector. Under this model, the Veriluma customer has access to the standard Veriluma software. The software can be used to define the customer's problem within one or more templates or models, which can then be used to gather relevant factors defined by the model. The model provides user interface and the predictive engine in the Veriluma software is initiated to pass the factors across the problem template to assess and define the outputs. These outputs provide the likelihood of outcomes for the defined problem.</i> <i>The Veriluma software can be hosted in the cloud under a Software as a Service (SaaS) model. This SaaS model is intended to support recurring revenue streams based on either revenue or profit share or subscription fees. Alternatively, under this model the Veriluma software can also be downloaded by those customers wishing to do so for guided self-installation.</i> <i>Revenue can be calculated on a "per seat" basis, as royalties or through technical support and consulting fees.</i>	Section 2.5.6

Topic	Summary	For more information
	2. Partner Model – Vertical Market Offering <i>The second business model is for Veriluma to use the Veriluma software to create solutions for industry-specific problems. Under this model, Veriluma secures a suitable industry partner and then itself uses the Veriluma software to create a solution for the business. The partner then commercialises the customised product, and Veriluma shares in the revenues or profits under a joint venture or similar contractual agreement.</i> <i>Under this model, revenue is generated through royalties for the exploitation of the customised software as well as minimum annual fees paid by the industry partner. Alternatively, the industry partner may identify parties who may wish to have access to a "white-labelled" (i.e. headless or hidden) product offering.</i> <i>Further details concerning the business models and growth strategy of Veriluma are set out in Section 2.5.6.</i>	
How advanced is Veriluma's technology and products? What further product development is required for commercialisation?	<i>The Veriluma software has been developed to a robust and advanced stage and has historically being tested, used and continues to be used by the Australian Department of Defence.</i> <i>The algorithms underpinning the Veriluma software are covered under granted US and Australian patents. The software has in excess of 300,000 lines of code that via the user interface simplifies the access to and the complexity of the patented algorithm.</i> <i>More recently, Veriluma has commenced early stage, proof of concept, commercialisation activities with customers and partners involved in the energy and resources, utilities, and the financial services sectors. Refer to Section 2.5.9 for details of Veriluma's customers and commercial partners.</i> <i>As with all software products, Veriluma software requires continual enhancement, maintenance and support. Veriluma intends to undertake ongoing research and development and an active dialogue with customers to ensure the Veriluma software meets changing market demands.</i>	Section 2.5.4 Section 2.5.9 Section 2.5.10 Section 2.5.11
What are the development and commercialisation timelines?	<i>In addition to defence and intelligence agency contracting, over the course of the next 12 months, Veriluma intends to widen its sales focus to other government agencies that could benefit from heightened crimes and terrorism threat analysis and predictive capability, including in the areas of domestic violence, organised crime, public order and safety, major event management and community awareness. The impact of change on these threats and threat levels can also be assessed using Veriluma software products. Federal and State police forces, crime commissions and intelligence agencies will be approached, as well as like agencies in New Zealand, the United States of America and Canada.</i> <i>For further information on Veriluma's key target customers, development timelines and commercialisation priorities please refer to Section 2.5.9.</i>	Section 2.5.9

Topic	Summary	For more information
How will Veriluma generate income?	<i>To date, total audited revenues for Veriluma from 1 July 2013 up until 31 December 2015 earned from early stage, proof of concept commercialising of its software products have been \$463,891.</i> <i>At the date of this Prospectus, Veriluma's revenues are only nominal. However, post Completion, Veriluma intends to expand upon its current sales, marketing and growth strategies and will endeavour to generate its revenue from a number of sources, including products and product related services.</i> 1. Product Sales <i>Veriluma product revenue is expected to be derived from subscription fees and royalties arising from the use of the Veriluma software, including customised Veriluma software. Alternatively, revenues can be generated through licence fees to use the product.</i> 2. Product Related Services <i>Revenue from product-related services can be generated through providing training and implementation, support and maintenance, and customisation services with respect to the use of the Veriluma software within a customer environment.</i> <i>Targeted Revenue streams from product sales will include:</i> ■ <i>On premises deployment where a client deploys Veriluma's software within their own hardware – which is the case with the Australian Department of Defence;</i> ■ <i>Hosted - where Veriluma's software is available via a cloud hosted solution and users can directly build their own solutions;</i> ■ <i>White label solutions – where partners embed Veriluma's software within their own applications or technology offerings – Veriluma's software is hidden or faceless and is called to perform analytics as a component of the partner's product or service;</i> ■ <i>Partnering – where solutions are built on a customised basis in conjunction with a partner.</i> <i>For clients who use Veriluma's software and build their own solutions, Veriluma will charge monthly subscription fees collected annually in advance whether the software is hosted or on premises. White label solutions offered by Veriluma to date have attracted either royalties of 15% of the end user application fee charged by the vendor, a share of subscriptions fees and/or a consumption fee for every analytical assessment performed. Refer to Section 9.3. Partnering solutions will be priced on a case by case basis in accordance with the industry market, the users and the problems they address.</i> <i>Further details on Veriluma's business model and how it will generate income – including its revenue streams and sales, marketing and growth strategies are fully discussed in Sections 2.5.6, 2.5.7 and 2.5.8.</i>	Sections 2.5.6, 2.5.7 and 2.5.8 Section 9.3
What are the material contracts of Veriluma?	<i>The material contracts of Veriluma comprise the contracts summarised in Section 9.3.</i> <i>They comprise various early stage licence and joint venture agreements recently entered into by Veriluma with strategic partners to use Veriluma's software in the defence, resources, utilities, and the financial services sectors.</i> <i>Further discussion on the key customers and commercial partners of Veriluma can be found in Section 2.5.9.</i>	Section 2.5.9 Section 9.3

Topic	Summary	For more information
What is the value proposition of Veriluma's products?	<i>Veriluma perceives there is a market need for a generic analyst tool to identify specific project-based problems across government and commercial enterprise. Initially, Veriluma aims to capitalise on this market opportunity through the delivery and customisation of the Veriluma software. However, Veriluma also plans to react to demands across other areas of government and commercial enterprise that require similar problem solving or predictive planning capabilities.</i>	Section 2.5.1
What are the key dependencies or assumptions of Veriluma's business model?	<i>Post-Completion, Veriluma intends to use funds raised under the Public Offer to repay the Veriluma Shareholder Loans and execute its business plan and growth strategy to fully commercialise the Veriluma product by focussing on business development, sales and marketing in relation to its target customers. Refer to Section 6.10. There is no guarantee that Veriluma's sales and marketing strategy will be successful. Even if Veriluma successfully commercialises its products, there is a risk that the Company may not generate sufficient revenue to cover its operating costs.</i> <i>Veriluma's business model also relies heavily on the expected growth in the prescriptive analytics industry discussed in Section 2.5.1. The level of growth will depend on how quickly organisations move up the analytics maturity ladder and are willing to upgrade their existing IT and data analytics infrastructure. A key driver of this growth will be overall buyer awareness and interest in the economic or strategic value of analytics and data driven decision making. The current adoption of prescriptive analytics is a relative small percentage of the target market and is predominantly confined to large enterprises as well as government, scientific and research and development organisations. The take up of Veriluma's prescriptive analytics software by commercial enterprise and other defence and intelligence agencies will depend on the success of its business development and marketing initiatives.</i> <i>Veriluma's business model relies in part on partners to distribute the Veriluma product to their underlying customers. If Veriluma is not able to attract and retain suitably qualified and productive partners, it may not be able to implement its business plan.</i> <i>The Directors believe that Veriluma's business has the potential to grow. If that occurs and Veriluma fails to properly manage that growth, then that failure could harm its business. Any failure to meet customer demand properly could adversely affect the business, including demand for Veriluma's products, or revenue collection, customer satisfaction and public perception.</i> <i>Further key risks and dependencies of Veriluma's business model and its important contracts are summarised in Section 1.3.</i>	Section 1.3 Section 2.5.1 Section 6.10
How will Veriluma fund its operations? What further funds will be required in the future?	<i>The initial funding for Veriluma's activities post-Completion will be generated from the Public Offer and existing cash reserves. Refer to Section 6.10 for how the Company proposes to use funds raised under the Public Offer to fund the business activities of Veriluma.</i> <i>However, as Veriluma's business grows, the Company may need to raise further capital in the future to continue to develop Veriluma's business and to develop additional functionality to its software products. Such funding may be raised by further equity raisings by Veriluma, or Veriluma may consider forms of debt or quasi-debt funding if required. In addition, Veriluma intends to seek access to government grants for research and development.</i>	Section 2.5.13 Section 6.10

Topic	Summary	For more information
What are the Company's key investment highlights?	- Veriluma owns a patented prescriptive "decision-making" process and software; - Advanced predictive technology developed and ready to commercialise in the big data market; - Developed initially by a Commonwealth Research Centre for Australian Department of Defence; - Potential for multiple industry and government applications globally; - Versatile commercialisation pathways – tailored solutions with potential recurring revenue streams from subscriptions and "SaaS" applications; - Immediate target groups identified and strategic partnerships have commenced; - Commercialisation strategy currently being implemented; and - Experienced Board of Directors, Advisory Committee and core management team being established.	

1.3 Summary of key risks

The business, assets and operations of the Company and Veriluma are subject to certain risk factors that have the potential to influence the financial position, prospects and operating and financial performance of the Company and Veriluma in the future. These risks can adversely impact on the value of an investment in the Securities of the Company and the prices of those Securities.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable or outside of the control of the Company and the extent to which they can effectively manage them is limited.

Set out below is a summary of key risks that the Company and Veriluma are exposed to, and that may have a direct influence on the Company, Veriluma, and their activities or assets. These key risks and further risks associated with an investment in the Company are outlined in more detail in Section 3 of this Prospectus. Investors are advised to consider these risks carefully before deciding whether to apply for Shares offered under this Prospectus.

An investment in the Company should be considered to be highly speculative. Investors should obtain independent financial and professional advice about the consequences of acquiring Securities in the Company.

Key Risk	Summary	For more information
1. Limited Trading History	<i>Veriluma is an early-stage start up business with a limited trading history. To date, it has principally been involved in expenditure of money to develop its software products and seek patent protection.</i> <i>It has incurred significant losses since its inception and has had limited revenues from initial early stage, proof of concept, commercialisation activities predominantly with the Department of Defence.</i> <i>Post Completion, Veriluma intends to actively increase the commercialisation phase of its business model using funds received from the Public Offer and as such carries the risks of a start-up business with limited commercialisation activity.</i> <i>Given Veriluma's limited trading history, it is difficult to evaluate Veriluma's business or its prospects and no assurance can be given that Veriluma will be able to implement its business model and ultimately become commercially viable.</i> <i>While Veriluma is now in a position to earn revenue through customers paying to use its software and products, there is no certainty around the number of customers or partners (if any) that will use the software or products of Veriluma. Accordingly, Veriluma is not in a position to give any guidance around likely revenue or profitability.</i>	Section 3.2.1



Key Risk	Summary	For more information
2. Reliance on key customers	<i>Veriluma's foundation customer was the Australian Department of Defence, in particular its Defence Intelligence Organisation (DIO), which contributed approximately 80% of the revenue generated by Veriluma since 2012.</i> <i>In 2012, Veriluma licensed to the Australian Department of Defence its software for 42 users, with a three-year maintenance period. The rights to charge fees for licensing and maintenance services under the contract have now expired, however the Department continues to use the Veriluma's software under perpetual licence to support its operations. Veriluma is in discussions with the Australian Department of Defence to enter into a new licence contract for additional users and maintenance services.</i> <i>It is not possible to determine when or if a new contract with the Australian Department of Defence will be entered into. The loss of the Australian Department of Defence as a key customer would have a material adverse impact on Veriluma's business. There is no guarantee that the Australian Department of Defence will enter into a new contract with Veriluma. This risk of loss is being mitigated through the breadth and size of the opportunities with other defence, intelligence and assessment agencies, contracts with whom would be closely targeted and sought to be accelerated should the new contract with the Australian Department of Defence not eventuate, and by the engagement of experienced and competent Veriluma employees and representatives with appropriate qualifications and networks based in Canberra.</i>	Section 3.2.2
3. Reliance on sales and marketing success to attract new customers	<i>As a small Australian company attempting to enter global markets, a lack of visibility and market awareness of Veriluma's software is a significant challenge for Veriluma.</i> <i>Veriluma's ability to attract new customers and partners for its software products will depend on the success of its sale and marketing strategy.</i> <i>Veriluma's business model relies in part on partners to distribute the Veriluma product to their underlying customers. If Veriluma is not able to attract and retain suitably qualified and productive partners, it may not be able to implement its business plan.</i> <i>There is no guarantee that Veriluma's sales and marketing strategies as outlined in Sections 2.5.7 and 2.5.8 will be successful. Even if Veriluma successfully commercialises its software products, there is a risk that the Company may not generate sufficient revenue to cover its operating costs.</i>	Section 3.2.3 Sections 2.5.7 and 2.5.8
4. Reliance on industry partners	<i>Veriluma's business model relies in part on finding strategic industry partners to use, integrate or distribute its software products to their underlying customers – refer to Section 2.5.6(b). If Veriluma cannot attract such strategic partners, it may not be able to implement its business plan.</i>	Section 3.2.4 Sections 2.5.6 and 2.5.9
5. User experience	<i>There is a risk that Veriluma's software may not be commercially successful and may not function, operate or integrate as intended including with respect to the capacity to service customers or integrate with products or services offered by strategic partners. Veriluma's software and products are complex; they may have errors or defects that users identify after they begin using them. There is a risk that the software may not be scalable in that the software or hardware may not support large numbers of users. Veriluma's business model is reliant on recurring revenues from usage and poor user experience may adversely affect customer take-up, retention and the level of usage of Veriluma's products. Poor user experiences may also result in adverse publicity, litigation, or regulatory enquiries. If any of these occur, the Company's reputation, performance and profitability will be adversely affected including the value of its Securities.</i>	Section 3.2.5

Key Risk	Summary	For more information
6. Retention and recruitment of key personnel	<i>The development of Veriluma's business has been largely due to the efforts, experience and leadership of its management team, including its founders, Mr Richard Anstey and Ms Elizabeth Whitelock.</i> <i>Going forward, the responsibility of overseeing the day to day operations and strategic growth of Veriluma will depend substantially on its key personnel being Ms Elizabeth Whitelock as the Managing Director and CEO of the Company and the other key personnel in Section 5.3. Loss of such key personnel could adversely affect the Company's performance and the achievement of its strategic growth objectives.</i> <i>Veriluma's ability to effectively execute its business objectives and growth strategy also depends significantly on its ability to recruit and retain appropriately qualified software development and marketing personnel with suitable technical and marketing expertise and a knowledge of the industries in which Veriluma will target. There is no guarantee that Veriluma will be able to recruit and retain such personnel. The inability to attract and retain key personnel could have a material adverse effect upon the Company's business, results or operations and financial condition.</i>	Section 3.2.6 Section 5.3
7. Contractual risk for material contracts	<i>Veriluma is and will continue to be reliant on various contractual and licensing arrangements and relationships with third parties (refer to Material Contracts in Section 9.3). There can be no guarantee that those contracts will be performed in accordance with their terms, that they are enforceable or that their terms will produce revenues or beneficial outcomes for the Company.</i> Co-operation Agreement Tyndall Capital <i>In relation to the Co-operation Agreement with Tyndall Capital referred to in Section 9.3.2 (Co-operation Agreement), Veriluma and Tyndall Capital have jointly developed and equally own a customised application using Veriluma's software to assess credit risk for MarketLend, a peer-to-peer (P2P) lending business operated by Tyndall Capital. The MarketLend application has been tested and has started to generate nominal revenues for Tyndall Capital and Veriluma pursuant to a joint venture established under the Co-operation Agreement, however at this stage the product is yet to be fully commercialised.</i> <i>At the date of this Prospectus, it is Veriluma's contention that the Co-operation Agreement does not properly cover all matters that the agreement should cover (including its preferred business model for the MarketLend application going forward) and that the parties should re-negotiate the terms of the Co-operation Agreement into a more comprehensive agreement which would replace the terms of the existing Co-operation Agreement. The parties have been in negotiations, however as at the date of this Prospectus a new agreement has not been entered into. No guarantee or assurance can be given by the Company that this will occur.</i> <i>In the event that a new agreement is not renegotiated and entered into to replace the Co-operation Agreement, Veriluma will continue to perform its obligations under the existing Co-operation Agreement as the basis of the joint venture to govern the ownership and commercialisation of the MarketLend application.</i> <i>In addition, as noted in Section 2.5.9(b), Veriluma will also be seeking to establish partnerships with other vendors in the financial services sector.</i> <i>Refer to Section 9.3.2 for further details of the Co-operation Agreement with Tyndall Capital and its current status.</i>	Section 9.3 Section 9.3.2 Section 2.5

Key Risk	Summary	For more information
8. Intellectual property risks	<i>If Veriluma fails to protect its intellectual property rights adequately, competitors or potential competitors may gain access to its technology which could harm the Veriluma business. Veriluma has Patents in US and Australia, however Veriluma may not be able to obtain patent protection in other jurisdictions in the future. If patents are granted in the future, they may not provide Veriluma with any, or sufficient, competitive advantages, or may be challenged by third parties.</i> <i>Despite its efforts, Veriluma may not be able to prevent third parties from infringing upon or misappropriating its intellectual property in every jurisdiction in which its products are made available.</i> <i>Veriluma may be required to incur significant expenses in monitoring and protecting its intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights.</i>	Section 3.2.8
9. Validity of Patents	<i>The Patents held by Veriluma do not guarantee the validity or enforceability of the Patents or their granted claims. Nor do they necessarily provide Veriluma with freedom to commercialise the invention behind the Patent where it would infringe third-party rights. As such, there is always a potential risk of third parties challenging the validity of the granted Patents where they have a legitimate basis to do so and, accordingly, there can be no guarantees as to the validity, enforceability or scope of any of the claims made in the Patents owned by Veriluma.</i> <i>For further information on the intellectual property rights held by Veriluma, please refer to Section 2.5.11 of this Prospectus and the Intellectual Property Report in Section 7.</i>	Section 3.2.9 Section 2.5.11 Section 7
10. Competition and new technologies	<i>Veriluma will be participating in a highly competitive market. Some of Veriluma's competitors may have greater financial and other resources than Veriluma and, as a result, may be in a better position to compete for future business opportunities. There is no certainty that Veriluma will be successful in this market.</i> <i>There is a risk that new or alternative technologies will be developed in the data analytics industry which supersede or render obsolete the products or services of Veriluma. This would adversely affect profitability or performance of the Company and the likely value of its Securities.</i>	Section 3.3.1
11. Going concern	<i>Parmelia</i> <i>In the Company's interim financial report for the half-year ended 31 December 2015, the Company's independent auditor noted a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as going concern.</i> <i>Notwithstanding this qualification included in the auditor's report issued to the Company for the half-year ended 31 December 2015, the Directors believe that on Completion, the Company will have sufficient funds to adequately meet the Company's current expenditure commitments and short term working capital requirements. However, it is highly likely that further funding will be required to meet the medium to long term working capital costs of the Company. Please refer to Section 3.4.1 for further details. If Completion does not occur, there is significant uncertainty as to whether the Company can continue as a going concern, and which is likely to have a material adverse effect on the Company's activities.</i>	Section 3.2.10

Key Risk	Summary	For more information
	<i>Veriluma</i> <i>In Veriluma's interim financial report for the half-year ended 31 December 2015, Veriluma's independent auditor also noted a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.</i> <i>Note 1(m) "Going Concern" of the financial report for the half year end 31 December 2015 describes that the financial statements of Veriluma have been prepared on a going concern basis. The Statement of Financial Position reports material accumulated losses and reliance on related party loans to improve liquid asset ratios. The ongoing viability of Veriluma depends on Completion occurring and continued support from shareholders and financiers.</i>	
12. Reinstatement to the Official List	<i>The Company's securities have been suspended since the date of the General Meeting and will remain suspended until Completion - including completion of the sale and purchase of Veriluma under the Share Sale Agreement, completion of the Public Offer and Placements, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on such reinstatement. There is a risk that the Company will not be able to satisfy one or more of the Conditions of Completion and that its securities may consequently remain suspended from quotation. In such circumstances the Public Offer and Placements will not proceed and the Company will repay all monies received from Applicants without interest.</i>	Section 3.2.11
13. Dilution risk and limited ability to affect the Company's direction	<i>Upon Completion, new investors who subscribe for Shares in the Public Offer will only hold a relatively small proportion of the Company (namely 10.7% on a fully diluted basis) as described in Company's pro forma capital structure in Section 6.11. These new investors in the Company will be unlikely to be able to significantly affect the Company's direction by exercising their voting rights in the usual manner.</i> <i>The Company will have Existing Options and New Options on issue and as part consideration for the Proposed Acquisition proposes to issue the Performance Shares under the Vendor Placements pursuant to the Share Sale Agreement. If all of these Securities are converted into Shares there will be a dilutionary effect on the holdings of the Company's existing Shareholders.</i>	Section 3.2.13 Section 6.11
14. Veriluma Shareholders may sell their Shares	<i>Some of the Veriluma Shareholders and other recipients of Shares under this Prospectus may elect to sell their Shares subject to any escrow restrictions required by the ASX following Completion. If one or more of these parties elect to sell a sufficiently large number of Shares, then this may negatively impact the price or value of the Shares.</i>	Section 3.2.14

Key Risk	Summary	For more information
15. Disposal of exploration assets	<i>As discussed in Section 2.1, following Completion, the Company will consider disposing of its interests in the Mineral Tenements. The Board will explore various opportunities or strategies by which to dispose of the Mineral Tenements in the best interests of Shareholders and the Company, but having regard to the Company's obligations in relation to those Mineral Tenements and under the Jaurdi Hills Joint Venture Agreement. This includes recognising that JH Mining has a pre-emptive right to purchase certain of the Mineral Tenements which are governed under the Jaurdi Hills Joint Venture Agreement. If the Company does not regard any such strategies or opportunities as commercial or in the best interests of Shareholders, then the Company may pursue forfeiture or relinquishment of the Mineral Tenements which will derive no returns for the Company. There is a risk that the forfeiture may become protracted or could result in unforeseen costs or expenses incurred by the Company. There is also a risk that if the Mineral Tenements are not disposed of in a timely manner then the Company may incur additional expenditure to maintain the tenements in good standing until a sale or divestment is completed. It is not expected that any additional expenditure will be a material amount but it may require the Company to divert funds from another category of investment.</i>	Section 3.2.16
16. Future capital requirements	<i>The Company's proposed 2 year expenditure budget and use of funds following completion of the Public Offer is detailed in Section 6.10.</i> <i>Further funding beyond the proceeds received under the Public Offer may however be required by the Company and Veriluma to support their ongoing activities and operations, including the need to develop new products, improve existing products, to enhance its operating infrastructure and to acquire complementary businesses and technologies. Accordingly, the Company may need to engage in equity raisings, debt financings and government research and development grants to secure additional funds. There can be no assurance that such funding will be available on satisfactory terms (or at all) at the relevant time. Any inability to obtain additional funding (or inability to obtain funding on reasonable terms) may adversely affect the financial condition and financial performance of the Company.</i>	Section 3.4.1 Section 6.10.

1.4 Overview of the Offers

Topic	Summary	For more information
What is the Public Offer?	<i>The Company invites Applications for up to 50,000,000 Shares at an Offer Price of 7.0 cents each to raise \$3,500,000 (before costs). The key information relating to the Public Offer and references to further details are set out below.</i>	Section 6.2
What other offers are being made under this Prospectus?	<i>This Prospectus is also for the offer of the following:</i> ■ the Vendor Placement, being the placement of 162,857,400 Shares with the Veriluma Shareholders (or their nominees) and 40,000,000 Performance Shares to the Initial Veriluma Shareholders in consideration for the Proposed Acquisition of all of the issued capital of Veriluma; ■ the SJSM Placement, being the placement of 2,857,143 Shares with SJSM as payment of outstanding loans which are owed by Veriluma to SJSM; and ■ the Advisor Placements, being the placement of 13,800,000 Shares with Veriluma's Corporate Advisor for corporate advisory services provided to Veriluma and 3,665,883 Shares with the Lead Manager for acting as lead manager to the Company for the Public Offer. <i>Completion of the Placements is to be conditional on completion of the Public Offer.</i>	Section 6.3 Section 6.4



Topic	Summary	For more information
	<i>In addition, unrelated to Completion, pursuant to the Director Placements, the Company is issuing 5,714,286 Shares and 1,000,000 Director Options to certain Directors as detailed in Section 6.4.</i>	
What is the purpose of the Offers?	<i>The purpose of the Public Offer is to:</i> ■ <i>proceed with the Proposed Acquisition of Veriluma;</i> ■ <i>raise \$3,500,000 before costs to, amongst other things, repay any outstanding Veriluma Shareholder Loans at Completion, advance the business model and strategy of Veriluma, and meet the expenses of the Public Offer and this Prospectus; and</i> ■ <i>facilitate an application by the Company for re-admission of the Company to the Official List of the ASX.</i> <i>Further details as to how the Company intends to use funds raised under the Public Offer are set out in Section 6.10.</i> <i>The purpose of the Placements and Director Placements are to:</i> ■ <i>provide consideration to the Veriluma Shareholders for the Proposed Acquisition;</i> ■ <i>repay debt and discharge liabilities owed by Veriluma to SJSM;</i> ■ <i>provide consideration to the Corporate Advisor and Lead Manager for services provided to Veriluma and the Company;</i> ■ <i>repay debt and discharge liabilities owed by the Company to one of the Directors;</i> ■ <i>recognise past loyalty and services provided by the Directors to the Company;</i> ■ <i>facilitate secondary trading of the Securities the subject of the Placements (including the Shares issued upon the exercise of the New Options and conversion of the Performance Shares), subject to any escrow restrictions imposed by ASX; and</i> ■ <i>comply with the disclosure requirements under Chapter 6D of the Corporations Act to the extent that none of the exemptions under sections 708 and 708A of the Corporations Act apply in respect to those Placements.</i> <i>No funds will be raised by the Company from the Placements and Director Placements.</i>	Section 6.9 Section 6.10
What are the conditions of Completion?	<i>Completion is conditional on the following:</i> ■ <i>the Company raising \$3,500,000 under the Public Offer;</i> ■ <i>the satisfaction or waiver of the Conditions Precedent to the Proposed Acquisition; and</i> ■ <i>ASX conditional approval for reinstatement to Official Quotation of the Company's securities on terms acceptable to the Company, (together the Conditions of Completion).</i> <i>If any of the Conditions of Completion are not met, the Public Offer and Placements will not proceed and the Company will repay all Application Moneys received without interest.</i> <i>The Company must comply with ASX requirements for its securities to be reinstated to Official Quotation on ASX, which includes re-complying with Chapters 1 and 2 of the ASX Listing Rules.</i>	Section 6.5



Topic	Summary	For more information
What is the proposed use of funds to be raised under the Public Offer?	<i>Parmelia intends to use funds raised from the Public Offer as stated in Section 6.10.</i> <i>In summary, funds raised from the Public Offer will be used to, amongst other things, repay any outstanding Veriluma Shareholder Loans at Completion, advance the business model and strategy of Veriluma and meet the expenses of the Public Offer and this Prospectus.</i>	Section 6.10
Will the Company be adequately funded after completion of the Public Offer?	<i>The Directors are satisfied that on completion of the Public Offer, the Company will have sufficient working capital to carry out its stated business objectives described in Section 2.5.</i>	Section 2.5
What rights and liabilities attach to the Securities to be issued?	<i>All Shares will rank equally in all respects with existing Shares on issue. The rights and liabilities attaching to the Shares are described in Section 10.1.</i> <i>The rights and liabilities attaching to the New Options and Performance Shares being offered under the Prospectus are described in Sections 10.2, 10.3 and 10.4.</i>	Section 10.1 Sections 10.2, 10.3 and 10.4
Will the Securities be quoted on ASX?	<i>Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.</i> <i>The Performance Shares and New Options issued under this Prospectus will not be admitted to Official Quotation.</i>	Section 6.14
How will Shares be allotted?	<i>The Directors, in consultation with K S Capital Pty Ltd as Lead Manager to the Public Offer and the Proposed Directors will determine the allottees in their sole discretion.</i>	Section 6.13
What are the key dates of the Public Offer, the Placements, and the Proposed Acquisition?	<i>Refer to the Indicative Timetable on page 5 of this Prospectus.</i> <i>These dates are indicative only. The Company reserves the right to vary the Closing Date or any of the other indicative dates in the timetable without notice, subject to the ASX Listing Rules and the Corporations Act.</i>	Indicative Timetable on page 5
How do I apply?	<i>Investors who wish to apply for Shares offered under this Prospectus are invited to complete and return the Application Form, together with payment in full of the Offer Price of 7.0 cents per Share multiplied by the applied-for number of Shares.</i> <i>Applications by existing Shareholders must be for the number of Shares that would result in their aggregate shareholding being a minimum of 30,000 Shares and thereafter in multiples of 10,000 Shares. Otherwise, Applications must be for a minimum of 30,000 Shares (\$2,100), and thereafter in multiples of 10,000 Shares (\$700.00).</i>	Sections 6.7.1 Section 12
Who is eligible to participate?	<i>No action has been taken to register or qualify the Securities or otherwise permit a public offering of the Securities the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consent is required or whether any other formalities need to be considered and followed in order to accept the Public Offer or the securities issued under the Placement.</i>	Section 6.15

Topic	Summary	For more information
Who is the Lead Manager to the Public Offer?	<i>The Lead Manager to the Public Offer is K S Capital Pty Ltd who has been appointed by the Company under a mandate summarised in Section 9.5.1.</i> <i>The Lead Manager is required to provide services and assistance to the Company customarily provided by lead managers in connection with the marketing and execution of an equity offering such as the Public Offer.</i> <i>Details of the Lead Manager's engagement including fees payable by the Company are summarised in Section 9.5.1.</i>	Section 9.5.1
Is the Public Offer underwritten?	<i>The Public Offer is not underwritten.</i>	Section 6.2
Will any Securities be subject to escrow arrangements?	<i>Shares issued under the Public Offer will not be subject to escrow restrictions.</i> <i>Certain Securities issued under the Placements will be classified by ASX as restricted securities under the ASX Listing Rules and must be held in escrow and for up to 24 months from the date of their reinstatement to Official Quotation.</i>	Section 6.19
Is there any brokerage, commissions or stamp duty payable?	<i>Brokerage and handling fees on Applications for Shares under the Public Offer may be payable by the Company to member firms of the ASX or licensed investment advisers on Application Forms bearing their stamp and accepted by the Company.</i>	Section 6.26
What are the tax implications of investing in the Shares?	<i>The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual circumstances and financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.</i> <i>The Company makes no representation and accepts no liability in respect of the tax consequences of acquiring Securities to be issued under this Prospectus.</i>	Section 6.24
When will I receive confirmation that my Application has been successful?	<i>It is expected that holding statements will be despatched by post to successful Applicants under the Public Offer on or around 12 September 2016. However, this expected date is an estimate only and is subject to change without notice.</i>	Section 6.13
Will I be paid dividends?	<i>The Company does not intend to declare or pay any dividends in the immediately foreseeable future. The extent, timing and payment of any dividends declared or payable in the future will be determined by the Directors, based on a number of factors, including future earnings and the Company's financial position.</i>	Section 6.23
When can I sell my Shares on ASX?	<i>We expect that the Shares issued under the Public Offer to will be quoted on the ASX from 22 September 2016 and holding statements will be despatched on 12 September 2016. However, these dates are estimates only and are subject to change.</i> <i>Each Applicant is responsible for confirming their own Shareholding before trading on ASX, and any Applicant who sells their Shares before they receive an initial holding statement does so at its own risk.</i>	Key Information on Page 5
Can the Offer be withdrawn?	<i>The Company reserves the right not to proceed with the Public Offer at any time before Shares are issued to successful Applicants. If the Public Offer does not proceed, Application Moneys will be refunded.</i> <i>No interest will be paid on any Application Moneys refunded as a result of the Public Offer being withdrawn.</i>	Section 6.17
What are the key statistics of the Offers?	<i>Refer Key Offer Statistics on page 5.</i>	Key Offer Statistics on page 5

Topic	Summary	For more information
How can I find out more about the Offers or the Prospectus?	<i>Further information can be obtained by reading this Prospectus and consulting with your professional adviser, lawyer, accountant or stockbroker. You can also contact the Company Secretary, Mr Jay Stephenson on +61 (0)8 6141 3500.</i>	

1.5 Financial information

The Company is currently listed on the ASX and its financial history, including its 2015 Annual Report is available on its website (www.parmeliareources.com.au).

Following the change in nature and scale of its activities resulting from the Proposed Acquisition, the Company will focus on the further development and commercialisation of Veriluma's software and products. Therefore, the Company's past operations and financial historical performance will not be of significant relevance to future activities.

Veriluma's historical operations have focussed on the development of the technology necessary to commercialise Veriluma's software and products and therefore Veriluma has incurred significant start-up costs and generated limited revenues. Total audited revenues for Veriluma since from 1 July 2013 up until 31 December 2015 have been \$463,891, with research and development incentives totalling to \$637,478 received over the same period. Total audited accumulated losses as at 31 December 2015 were \$1,208,788.

For historical financial information related to the Company and Veriluma, refer to the summarised financial information in Section 4 and the Investigating Accountant's Report in Section 8 of this Prospectus, which also contains pro forma financial information subsequent to the Proposed Acquisition.

The initial funding for the Company's activities post-Completion will be generated from the Public Offer under this Prospectus and existing cash reserves. The Company may need to raise further capital in the future to continue to develop the business of Veriluma, and such amounts may be raised by further equity raisings by the Company, or the Company may consider forms of debt or quasi-debt funding if required.

1.6 Interests, benefits and related party transactions

Topic	Summary	For more information	
What significant benefits are payable to Directors, the Proposed Directors, and other persons connected with the Company or the Public Offer and what significant interests do they hold?	■ <i>Directors and Proposed Directors</i> <i>The Directors and Proposed Directors respective remuneration agreed with the Company for the financial year 30 June 2017 is detailed in Section 5.4.1, which in summary includes:</i>		Sections 5.4 and 10.9
			Section 9.2.7
			Section 5.2.3
			Section 9.5.1
	Current Directors Proposed Directors	Total \$	
	N Gellard	81,699	
	P Ellery	32,957	
J Stephenson	86,567		
R Anstey	66,375		
E Whitelock	221,250		
Total	488,848		

Topic	Summary	For more information																												
	<i>The relevant interests of the Directors in securities of the Company as at the date of this Prospectus (including to be issued at Completion under this Prospectus) are detailed in Section 5.4.2 and in summary include:</i> <table><tr><th>Directors Proposed Directors</th><th>Shares</th><th>Options</th><th>Performance Shares</th></tr><tr><td>N Gellard</td><td>7,258,730</td><td>6,222,219</td><td>-</td></tr><tr><td>J Stephenson</td><td>206,250</td><td>832,500</td><td>-</td></tr><tr><td>P Ellery</td><td>-</td><td>1,250,000</td><td>-</td></tr><tr><td>R Anstey</td><td>51,308,100</td><td>-</td><td>13,566,240</td></tr><tr><td>E Whitelock</td><td>45,156,000</td><td>-</td><td>12,041,600</td></tr><tr><td>Total</td><td>96,464,100</td><td>8,304,719</td><td>25,607,840</td></tr></table> <i>The Proposed Directors, Mr Richard Anstey and Ms Elizabeth Whitelock do not currently hold any relevant interests in Securities of the Company, except for the Consideration Shares and Performance Shares to be issued by the Company to the Proposed Directors or their related entities under the Vendor Placements. Further details are set out in Section 9.2.7.</i> ■ Advisory Committee <i>Details of the remuneration and personal interests of members of the Advisory Committee in securities of the Company and Veriluma are set out in Section 5.2.3.</i> <i>Members of the Advisory Committee do not receive remuneration nor currently charge fees for their services in relation to the Advisory Committee. However, it is expected that post-Completion members of the Advisory Committee may charge consulting fees from time to time on commercial arms' length terms agreed in advance with the Company.</i> <i>Members of the Advisory Committee hold minority interests in Veriluma and post-Completion will continue to hold minority interests in the Company. Further details are set out in Section 5.2.3.</i> <i>In addition, certain members of the Advisory Committee members have personal interests in relation to material contracts entered into with Veriluma. Further details are set out in Section 5.2.3.</i> ■ Lead Manager and Corporate Advisor <i>The Company has agreed to issue 13,800,000 Advisor Shares to Veriluma's Corporate Advisor, Insync Equity Services Pty Ltd as fees payable for corporate advisory services provided to Veriluma in introducing the transaction to the Company and assisting with the Acquisition.</i> <i>In addition, the Company has agreed to issue 3,665,883 Advisor Shares to the Company's Lead Manager, K S Capital Pty Ltd for its role in acting as lead manager for the Public Offer. The Advisor Shares are issued in conjunction with a lead management fee of 1% and a brokerage fee of 5% of total funds received under the Public Offer (up to \$210,000).</i> <i>Details of the Lead Manager's engagement including fees payable by the Company are summarised in Section 9.5.1.</i>	Directors Proposed Directors	Shares	Options	Performance Shares	N Gellard	7,258,730	6,222,219	-	J Stephenson	206,250	832,500	-	P Ellery	-	1,250,000	-	R Anstey	51,308,100	-	13,566,240	E Whitelock	45,156,000	-	12,041,600	Total	96,464,100	8,304,719	25,607,840	
Directors Proposed Directors	Shares	Options	Performance Shares																											
N Gellard	7,258,730	6,222,219	-																											
J Stephenson	206,250	832,500	-																											
P Ellery	-	1,250,000	-																											
R Anstey	51,308,100	-	13,566,240																											
E Whitelock	45,156,000	-	12,041,600																											
Total	96,464,100	8,304,719	25,607,840																											
Are there any significant related party transactions?	<i>There are no significant related party transactions other than the remuneration and relevant interests of the Directors and Proposed Directors detailed above.</i>	Section 5.5																												

Topic	Summary	For more information															
Who are the substantial shareholders of the Company?	<i>There are currently no substantial holders of Shares with voting or disposal rights of 5% or more in the Company.</i> <i>Post-Completion, it is anticipated that the substantial holder of the Company will be as follows:</i> <table> <tr> <th>Shareholder</th><th>Shares No.</th><th>Relevant Interest in the Company %</th></tr> <tr> <td>Maneki Pty. Ltd as trustee of Hammond Family Trust.</td><td>50,835,900</td><td>14.16</td></tr> <tr> <td>Corby Investments Pty Ltd as trustee for Anstey Family Trust</td><td>51,308,100</td><td>14.29</td></tr> <tr> <td>Elizabeth Ann Whitelock</td><td>45,156,000</td><td>12.57</td></tr> <tr> <td>Total</td><td>147,300,000</td><td>41.02</td></tr> </table> <i>Corby Investments Pty Ltd as trustee for the Anstey Family Trust is a related entity of a Proposed Director being Mr Richard Anstey. Further details and explanatory notes for above table are set out in Section 6.12.</i>	Shareholder	Shares No.	Relevant Interest in the Company %	Maneki Pty. Ltd as trustee of Hammond Family Trust.	50,835,900	14.16	Corby Investments Pty Ltd as trustee for Anstey Family Trust	51,308,100	14.29	Elizabeth Ann Whitelock	45,156,000	12.57	Total	147,300,000	41.02	Section 6.12
Shareholder	Shares No.	Relevant Interest in the Company %															
Maneki Pty. Ltd as trustee of Hammond Family Trust.	50,835,900	14.16															
Corby Investments Pty Ltd as trustee for Anstey Family Trust	51,308,100	14.29															
Elizabeth Ann Whitelock	45,156,000	12.57															
Total	147,300,000	41.02															

2. Company and overview of Veriluma

2.1 The Company and its existing projects

Parmelia was incorporated as Sentosa Mining Limited as an Australian public company on 31 March 2010 originally for the purpose of acquiring and developing highly prospective mineral properties and listed on the Official List on 17 December 2010.

The Company has previously focused on mineral exploration in Australia, Philippines and Mongolia.

The Company currently only holds interests in mineral tenements in the Eastern Goldfields of Western Australia held as set out in the table below:

Holder	Tenement	Percentage Held	Location	Prospective for
Toro Mining Pty Ltd	M16/35 Jaurdi Hills	100	Australia	Gold
Toro Mining Pty Ltd	M16/113 Jaurdi Hills	90	Australia	Gold
Toro Mining Pty Ltd	M16/114 Jaurdi Hills	90	Australia	Gold
Toro Mining Pty Ltd	M16/193 Jaurdi Hills	100	Australia	Gold
Toro Mining Pty Ltd	M16/194 Jaurdi Hills	90	Australia	Gold
Toro Mining Pty Ltd	M16/201 Jaurdi Hills	100	Australia	Gold
Toro Mining Pty Ltd	M16/203 Jaurdi Hills	90	Australia	Gold
Toro Mining Pty Ltd	M16/204 Jaurdi Hills	90	Australia	Gold
Toro Mining Pty Ltd	M16/205 Jaurdi Hills	90	Australia	Gold
Toro Mining Pty Ltd	M16/254 Jaurdi Hills	90	Australia	Gold
Toro Mining Pty Ltd	M16/255 Jaurdi Hills	90	Australia	Gold
Toro Mining Pty Ltd	M16/301 Jaurdi Hills	100	Australia	Gold
Toro Mining Pty Ltd	M16/365 Jaurdi Hills	100	Australia	Gold
Toro Mining Pty Ltd	M16/425 Jaurdi Hills	100	Australia	Gold
Toro Mining Pty Ltd	M16/462 Jaurdi Hills	100	Australia	Gold
Toro Mining Pty Ltd	P16/2444 Jaurdi Hills	100	Australia	Gold
Toro Mining Pty Ltd	P16/2460 Jaurdi Hills	90	Australia	Gold
Toro Mining Pty Ltd	P16/2627 Jaurdi Hills	100	Australia	Gold
Toro Mining Pty Ltd	P16/2673 Jaurdi Hills	100	Australia	Gold
Toro Mining Pty Ltd	P16/2674 Jaurdi Hills	100	Australia	Gold

All of the tenements are registered either 100% in the name of Toro Mining Pty Ltd (ACN 079 423 886) (which is 100% owned by the Company) (**Toro**), or jointly by Toro (90%) and JH Mining Pty Ltd (ACN 009 423 125) (**JH Mining**) (10%) pursuant to a joint venture agreement 22 July 1991 (**Jaurdi Hills Joint Venture**) where Toro owns a 90% interest in the tenements and JH Mining owns a 10% free carried interest in the tenements to production and 100% of the surface alluvial rights. Under the terms of the Jaurdi Hills Joint Venture, the Company may terminate the joint venture subject to payment of all outstanding liabilities up to the date of termination, or alternatively may assign its interests in the joint venture but recognising that JH Mining has pre-emptive rights to purchase any interests in the tenements on the same terms offered to any third-party.

The Company is not aware of any outstanding or ongoing liabilities or potential claims in relation to its interests in the above tenements other than the cost of maintaining the tenement in good standing.

The key assets of the Company comprise its cash holdings of approximately \$303,000 as at 30 June 2016 and its Mineral Tenements.

Due to difficult market conditions in the mining and exploration sector, the Company has been evaluating high quality and value adding investment opportunities outside the mineral exploration industry to take advantage of global market trends and maximise the value of its Shares. As announced to the market on 8 December and 24 December 2015, the Company entered into the Share Sale Agreement with the Major Shareholders for the Proposed Acquisition to acquire all of the issued capital of Veriluma.

Post-Completion, the Company intends to transfer, assign, or surrender its interests in the Mineral Tenements (including assigning or withdrawing from its interest in the Jaurdi Hills Joint Venture) and such interests will cease to form part of the assets of the Company.

Prior to Completion, the corporate and ownership structure of the Company is set out below:



Note: Subsidiaries Sentosa Mining (Philippines) Inc, St Nicolas Mines Pty Ltd and Niquaero LLC are dormant entities

2.2 Company Strategy - Proposed Acquisition of Veriluma

On 8 and 24 December 2015, the Company announced that it had executed a binding and conditional Share Sale Agreement with the Major Shareholders of Veriluma for the Proposed Acquisition to acquire all of the issued share capital in Veriluma.

A summary of the Share Sale Agreement is set out in Section 9.2 of this Prospectus.

Veriluma is a Sydney-based technology company which owns a patented decision-making process or methodology which is embedded in software branded under the name Veriluma which aims to deliver Predictive Intelligence to complex scenarios and decision-making. Following Completion of the Proposed Acquisition and reinstatement to the ASX, the Company's primary focus will be to use funds raised from the Public Offer to further develop and commercialise the business of Veriluma in line with its stated business model and objectives discussed in Section 1.2 and this Section 2.

The Company may also undertake further acquisitions that complement the Veriluma business.

2.3 Consideration for Veriluma

In accordance with the Share Sale Agreement, the Company will issue:

- 162,857,400 Consideration Shares to the Veriluma Shareholders; and
- 40,000,000 Performance Shares to the Initial Veriluma Shareholders, which are separated into 3 classes and convert into Shares on a 1 for 1 basis upon satisfaction of Milestones in accordance with the terms and conditions set out in Section 10.2,

in consideration for all of the issued capital of Veriluma.

In addition to the factors set out in Section 2.4 of this Prospectus, in relation to the Proposed Acquisition, the Company considered the following in determining the number of Consideration Shares and Performance Shares to be issued to Veriluma Shareholders:

- recent third-party backdoor listing transactions involving mining companies transitioning into technology companies;
- the advanced stage of the technology and its development and patent protection, e.g. the technology has had significant expenditure spent on developing it and securing its patent protection and has in excess 300,000 lines of code;
- the initial validation of the technology with early stage, proof of concept, commercialisation licensing fees and income having been earned from the Australian Department of Defence; and
- the changing landscape of the prescriptive analytics market and the potential take up of technologies which are able to manage big data and provide prescriptive analytics.

The Investigating Accountant's Report set out in Section 8 of the Prospectus contains a discussion with respect to the deemed fair value of the Consideration Shares and Performance Shares to be issued to the Veriluma Shareholders as consideration for their Veriluma Shares.

For accounting purposes, the Investigating Accountant has in relation to the Proposed Acquisition deemed that the acquirer is Veriluma and the business combination referred to is a reverse acquisition. Accordingly, the pro-forma statement of financial position in the Investigating Accountants Report incorporates the assets and liabilities of the Company and of Veriluma as if the group were headed by Veriluma. At the acquisition date, the assets and liabilities of Veriluma (being the acquirer for accounting purposes) are recorded at their book value and the assets and liabilities of the Company (being the acquiree for accounting purposes) are recorded at fair value.

Using this method, the Investigating Accountant has determined that the fair value of the Consideration Shares and Performance Shares is \$13,733,486. Refer to the Investigating Accountant's Report in Section 8 of the Prospectus for a more detailed discussion of the fair value of the Consideration Shares and Performance Shares.

It should be noted that the fair value determined above by the Investigating Accountant was based on the pro-forma adjustments as at 31 December 2015, and will require re-determination based on the identifiable assets and liabilities as at the date of Completion, which may result in changes to the fair value determined by the Investigating Accountant.

2.4 Effect of the Proposed Acquisition

Post-Completion, the Company will undertake a significant change in the nature and scale of its activities. This will include the Company changing from a mineral exploration company to a company focused on commercialising and further developing the patented process and methodology embodied in the Veriluma software.

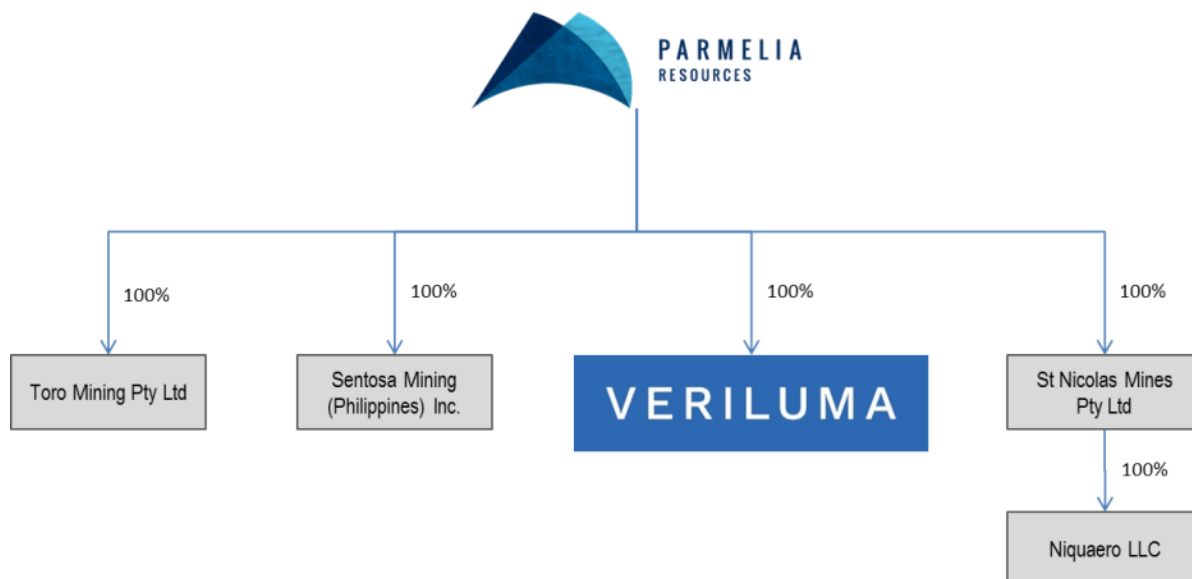
As a result, the Company was required to seek member approval of the Proposed Acquisition. The Company therefore convened a General Meeting to obtain member approval for, amongst other things, the change in the nature and scale of the Company's activities arising from the Proposed Acquisition.

A copy of the Notice of General Meeting is available from the Company's website (www.parmeliaresources.com.au). The General Meeting was held on 13 July 2016 and all Essential Resolutions were passed by members. The Company's securities have been suspended by the ASX from quotation on the Official List from the time that the Company's members passed the Essential Resolutions at the General Meeting. The suspension will continue and the Company securities will not be re-instated to Official Quotation until Completion.

As part of the Proposed Acquisition, the Company has also obtained member approval to change its name from "Parmelia Resources Limited" to "Veriluma Limited".

The effect of the Proposed Acquisition on the capital structure of the Company is set out in both Section 6.11 of this Prospectus, and the Investigating Accountant's Report in Section 8.

Post-Completion, the corporate and ownership structure of the Company will be as set out below:



Note: Subsidiaries Sentosa Mining (Philippines) Inc, St Nicolas Mines Pty Ltd and Niquaero LLC are dormant entities

The head office of the Company will re-locate to Veriluma's Sydney premises in St. Leonards, New South Wales.

2.5 About Veriluma

Veriluma is an Australian incorporated proprietary company headquartered in Sydney, Australia.

It operates in the prescriptive analytics sector of the Australian software industry. Veriluma owns a patented algorithmic process and software tool marketed under its corporate name, "Veriluma", to deliver Predictive Intelligence capabilities to complex scenarios and decision-making processes.

2.5.1 Industry Overview

(a) The Prescriptive Analytics Market

According to IBM, every day, 2.5 quintillion bytes of data are created, and 90% of the data in the world today has been created in the last two years alone. This data comes from an ever-widening range of sources, such as sensors used to gather climate information, posts to social media sites, digital pictures and videos, purchase transaction records, and mobile phone GPS signals to name a few.¹

Veriluma's software and patented process seeks to address this challenge by providing a "prescriptive analytics solution". Prescriptive analytics not only seek to **anticipate what will happen** and **when it will happen**, but also seeks to understand **why it will happen**. Further, prescriptive analytics suggests decision options on how to take advantage of a future opportunity or mitigate a future risk and shows the possible implications of each decision option.

¹ Source: <http://www-01.ibm.com/software/data/bigdata/what-is-big-data.html>. Please note that IBM has not provided their consent for this statement to be included in this Prospectus.

Prescriptive analytics is further explained in the following diagram:

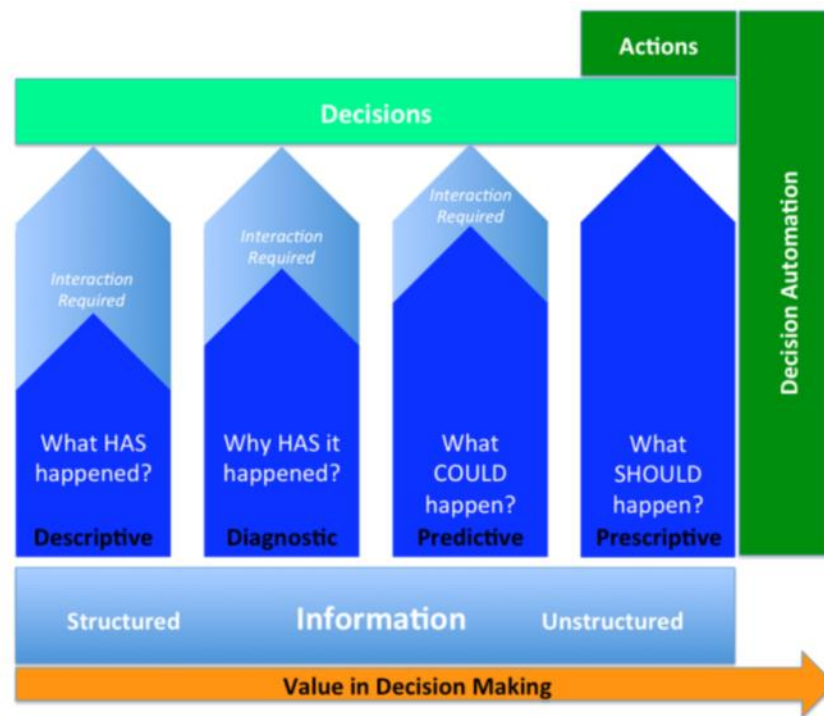


Figure 1: Prescriptive analytics

As a prescriptive analytics tool, Veriluma's software is designed to continually ingest new data at any point in time thereby improving prediction accuracy leading to better decisions.

Veriluma's software has been developed beyond more mainstream descriptive and diagnostic analytics products and can take into account quantitative, structured (facts, figures), subjective (opinion, gut feel) and the uncertain, unknown and unreliable to seek to predict what lies ahead and to suggest how to take advantage or mitigate the risks of this predicted future without compromising other priorities.

Figure 2 below described the evolution of data analytics over time.

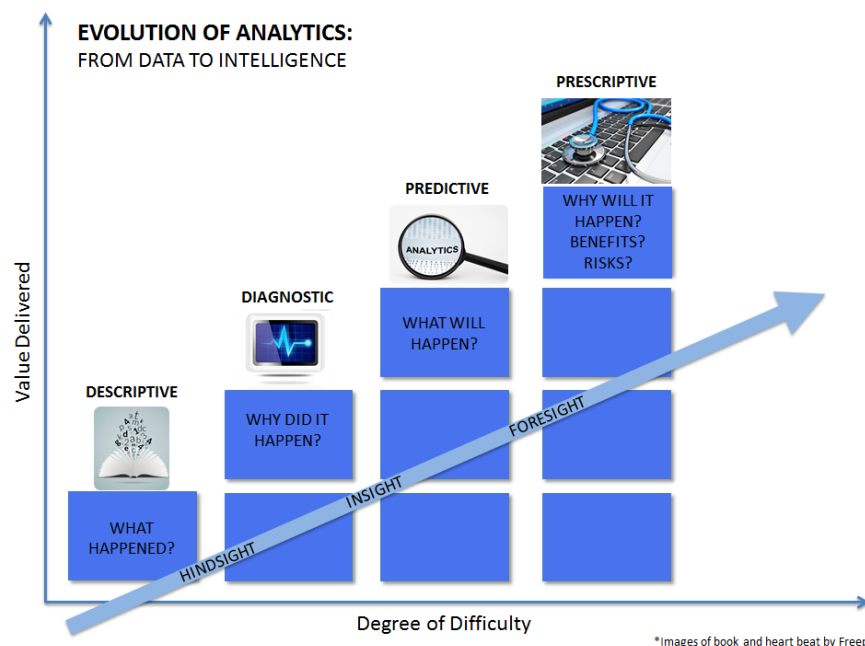


Figure 2: Evolution of Analytics: From Data to Intelligence

In Gartner, Inc.'s (**Gartner**) Report "Forecast Snapshot: Prescriptive Analytics, Worldwide", 2016 Published: 5 February 2016 (**Gartner Report**)², it is noted that:

"Although all types of analytics aim to improve decisions, only prescriptive analytics outputs a preferred course of action. It takes predictive insights to the next level by suggesting the optimal way to handle a future situation and can be applied to strategic, tactical and operational decisions, each of which has different traits. The recommended decision can be delivered to a human in a decision support environment, or it can be coded into a system for decision automation."

You should note the information extracted from the Gartner Report(s) described herein represents research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner and are not representations of fact. The information speaks as of its original publication date of 5 February 2016 and not as of the date of this Prospectus and the opinions expressed by Gartner are subject to change without notice.

Please refer to Section 2.5.5 for further information about Gartner.

(b) Market Size and Historical Growth Rate

The size of the prescriptive analytics market can only be measured in very recent years and is a part of the larger big data and analytics market. However, market research shows that in 2014 spending on prescriptive data analytics was approximately US\$400 million. This figure was derived from a set of 20 vendors and estimated that their revenues were approximately US\$345 million and that they accounted for 83% of the market. The extrapolation of this figure provides US\$400 million as to the market size in 2014.

The Directors and Proposed Directors believe the global prescriptive data analytics industry has the potential to become a growing market which is arguably currently most active within the large enterprise and government sectors of the overall information technology market. The Directors believe the level of enterprise spending in the prescriptive analytics industry has the potential to increase as more organisations move up the analytics maturity ladder and build analytics capabilities beyond descriptive analytics to predictive and prescriptive analytics. A key driver and assumption of this growth will be overall buyer awareness and interest in the value of analytics and data driven decision making. The current adoption of prescriptive analytics is a relatively small percentage of the potential target audience, however this is expected by the Directors to grow as prescriptive analytics moves beyond its core community of operations research and management science professionals and become increasingly embedded in business applications in the commercial sector.

Other key assumptions behind this expected growth in the use of prescriptive analytics in organisations include software adoption across more organisations, expansion of the user base within organisations, expansions of the functionality being utilised within organisations and innovation in technology and product design.

The Directors believe with its prescriptive software, Veriluma is well positioned to take advantage of the opportunity to participate in the anticipated growth of the prescriptive analytics industry (although no assurance or forecast can be given those events will occur).

2.5.2 Competitive Environment

The prescriptive analytics industry is considered to be the next evolution of data analytics and is expected to experience rising growth. There are currently only a handful of vendors globally offering solutions to their clients in this area. These competitors include large organisations such as IBM Corporation and the SAS Institute Inc.

² Source: Gartner Inc. Report "Forecast Snapshot: Prescriptive Analytics, Worldwide, 2016, authored by Jim Hare, Christine Adams, Bhavish Sood, Alys Woodward and Hai Hong Swinehart

Other than IBM and the SAS Institute, the listed competitors below are focused on specific industries:

- **Ayata** (www.ayata.com) which solves problems within the oil and gas, and agriculture sectors;
- **Decision Lens** (www.decisionlens.com) which addresses business priorities regarding IT assets;
- **Earnix** (www.earnix.com) which focuses on pricing optimisation within the insurance industry;
- **FICO** (www.fico.com) is a global player which started its manual operations in 1956 and focused on consumer behaviour and customer relationships offering optimal data solutions for their clients e.g. the client's credit risk perspective;
- **Gurobi** (www.gurobi.com) is a math programming solver and has tools for distributed optimisation and optimisation in the cloud;
- **MathWorks** (www.mathworks.com) which assists with prescriptive analytic solutions within sectors as diverse as automotive active safety systems, interplanetary spacecraft, health monitoring devices, smart power grids, and LTE cellular networks;
- **Pros** (www.pros.com) which focuses on revenue and profit optimisation from a data science angle; and
- **River Logic Analytics** (www.riverlogic.com) which drives company-wide planning, including scenario planning, and business collaboration.

IBM and the SAS Institute offer many solutions and all from a data science driven approach.

From Gartner's Report:

"While many ERP (Enterprise Resource Planning) and supply chain vendors have offered capabilities for organizations to optimize decision-making for decades, it has largely been reserved for the largest enterprises and is still a relatively new idea for most organizations. With the growing interest in predictive analytics by end-user organizations, vendors are now extending their advanced analytics platforms to include prescriptive analytics capabilities..."

"As more organizations deploy predictive analytics, we expect more analytics platform and application vendors to add prescriptive analytics to make it easier for organizations to turn predictions into recommended actions to improve decision-making."

What are the key advantages of Veriluma's software?

- Veriluma software and its patented algorithmic use can be applied to address problems across the public and private sectors – from government agencies to banks to consumer applications.
- Veriluma software is not overly restrained by the amount of data available or how it is structured.
- Veriluma software is complementary to the offerings of the many multi-national data / big data / data science / analytics vendors. The output from these vendor tools can typically be an input to the Veriluma software engine adding further granularity to a problem resolution.
- Veriluma's process in its software is patent-protected in the US and Australia.
- Veriluma software can be embedded within other technology offerings and extend the value they deliver.

2.5.3 Introduction to Veriluma

Conceived in an Australian Commonwealth Research Centre for Distributed Systems Technology (DSTC Pty Ltd), Veriluma's software has, at its core, a patented algorithmic use in an engine (referred to as the "**engine**") that can assess what is known and unknown, the uncertain and the unreliable. A key strength is the ability to consider subjective information – our views, opinions and gut feel. Its algorithmic approach determines the likelihood and certainty of an outcome whilst highlighting the risks faced.

Used initially by the Australian Department of Defence and potentially in the future by other defence and intelligence agencies to better understand the ever changing global, regional and local threat environments, Veriluma's software and process provides significant insights to potential emerging threats, allowing mitigation strategies to be implemented.

The potential industry applications of Veriluma's software outside of defence and intelligence agencies are perceived by the Directors to be vast. For example:

- Government health departments could potentially use the Veriluma software to prepare for the increased demand on health resources and facilities when a new influenza strain is identified.
- In a merger and acquisition (**M&A**) scenario, understanding the complex issues affecting the chances of whether a deal is value accretive before a commitment is made means strategies may be developed to mitigate identified risks; reassess the acquisition premium; or even to exit the deal.
- In the financial services sector, institutions, P2P (peer-to-peer) lenders and similar organisations could potentially use the software to assess the credit risk of borrowers before a loan is funded. The software could be used to assess the likelihood of the principal and interest being repaid and can feed these results to automate decisions regarding funding.
- Potentially changing the delivery of legal services, it could possibly allow consumers to understand their likelihood of settlement with the risks identified in a family law dispute. A personal injury case could be better assessed for risk and damages ahead of lawyers engaging with claimants providing insight to better manage work-in-progress.

2.5.4 Veriluma's Software Product

The Veriluma software comprises a core subjective logic based patented process or engine, accessed either via a graphical user interface (referred to as "**workbench**") or alternatively it can be embedded and called as a component from within a partner's industry specific software application. The software and process provides a disciplined approach that reduces the complexity and guesswork in decision-making.

Known factors, such as the company financials in an M&A scenario can be combined with subjective information, for example observations made by the human resources department of the target company's employees.

The patented algorithmic decision making process embedded in the software produces assessments based on the direction and view required. An assessment could be performed on data from a specific time (past or future) or for particular perspectives.

The Veriluma software has a user interface or workbench, which provides a disciplined approach to assessing problems and a clear focus on drawing out and capturing the information required. While the problem is created and tested via the Veriluma user interface workbench, the engine behind Veriluma's software can also be embedded within, or called by another, software application or process. To illustrate this point, Oniqua has its own software to assess product criticality for thousands of spare parts for clients in the energy and resources sector. The Veriluma engine has started to be licensed to Oniqua and run as a service within Oniqua's software, ingesting data from the Oniqua database, assessing the likelihood and certainty of component failure, as well as criticality and passing the result back to the Oniqua service to update the database with the result.

The algorithms underpinning the Veriluma software and engine are well tested and robust and covered under granted US and Australian Patents. The software has in excess of 300,000 lines of code that via the user interface or workbench simplifies the access to and the complexity of the patented algorithm.

The Veriluma software and patented engine has the potential to support the rapid development and implementation of a variety of solutions for customers and specific industry problems. A template to resolve a specific problem can be created quickly to test the concept. The solution can be implemented within a cloud environment or physically on customer premises.

The user interface or workbench is easy to use and provides a user or an analyst with a friendly tool to define a problem within a model, populate that model, and then run the prescriptive engine to define the outcome with a level of certainty.

Veriluma's software helps to provide insight into complex problems where there are many factors driving and affecting the outcomes. Historical evidence may be included as well as expert opinions, supposition, rumours, biased views and information intended to mislead. Veriluma's software may also highlight potential areas of deception and unforeseen risks and opportunities, should they exist.

The software provides an environment where problems can be analysed and better understood including the drivers, influences and priorities. These are the foundation upon which assessments are run. Assessments show the likelihood and certainty of the event occurring at a specific point in time, and what factors and evidence have contributed to the outcome. The risks and opportunities are highlighted, as are information gaps where deception or conflict may be present. A reassessment can easily be run at a later date if and when new information becomes available.

Put more simply, Veriluma's patented problem solving methodology is as follows:

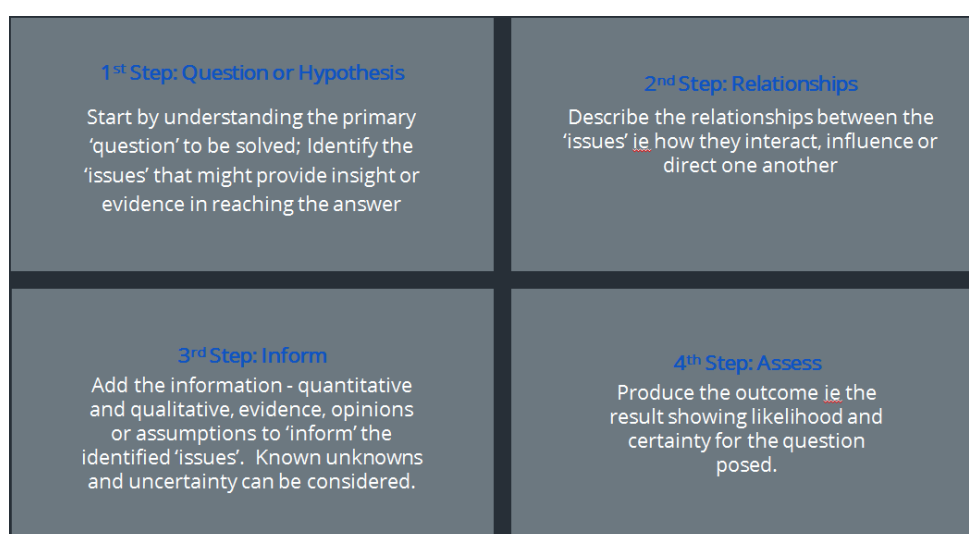


Figure 3: Problem Solving Methodology – Simply Stated

Assessments can be re-run as new information is received creating an audit trail for tracking problems over time.

2.5.5 Industry Recognition – Veriluma Achieves "Cool Vendor" Designation in Analytics for 2016, one of only five globally³

(a) Who is Gartner?

To learn about independent information technology research and advisory company Gartner, please visit <http://www.gartner.com/technology/about.jsp>.

(b) Independent Recognition for Veriluma

In May 2016, Veriluma was named a Gartner "Cool Vendor in Analytics 2016". Veriluma is one of five international vendors in this category and the only Australian company.⁴

³ Source: Gartner Inc Report on "Cool Vendors in Analytics, 2016" dated 19 May 2016, authored by Gareth Herschel, Whit Andrews, Rita L Sallam, Lisa Kart, Marc Kerremans and Cindi Howson.

2.5.6 Veriluma Business Model

(a) Overview

Since 2012, Veriluma has earned early stage proof of concept revenues from the Australian Department of Defence by licencing its software, and from associated maintenance and support fees, as well as more recently early recurring revenues from partners who have embedded Veriluma's software within their own software applications and processes. In addition, historically Veriluma's business model has been funded from shareholder loans, investor funding and grants for research and development from the Commonwealth government.

In 2012, the Australian Department of Defence signed an agreement to purchase 42 perpetual software licences from Veriluma to be used for the purpose of upgrading existing software and infrastructure used by its Defence Intelligence Organisation (**DIO**). Within this contract was an agreement to purchase maintenance and support services from Veriluma for an additional 2 years post the first year of deployment and training. The right to receive licence fees and maintenance charges under the contract with the Australian Defence Department has now expired. However, the DIO continue to use these 42 software licences under an ongoing royalty free perpetual licence and may in the future choose to enter into a new maintenance contract as well as acquire additional support licences for additional users (although no assurance or guarantee can be given that this will occur). Veriluma also has opportunities to sell more licences for use within the Commonwealth's other defence, intelligence and federal agencies.

Ensuring a successful rollout of the software and associated services through 2013 with the Australian Department of Defence was an essential component of Veriluma's business model in order for Veriluma to establish credibility and a reference client. As a company, Veriluma is delighted to have the DIO continuing to use Veriluma predictive analytics software.

In addition to opportunities for future sale of Veriluma software to government and intelligence agencies, Veriluma is also pursuing commercial opportunities within the private sector. Significant research and preparations have commenced to identify and prioritise target applications and customers within the private sector and the most appropriate "go to market" strategy for each.

It is the intention of Veriluma to use funds raised under the Public Offer to pursue these government and private sector opportunities.

(b) Partnering Model – Vertical Market Offering

Veriluma's future revenues from the private sector are planned to be initially derived via a partnering model. Under this model, the Veriluma software and its decision making engine is used to create solutions for industry problems via customised applications or products. It is hoped that partners will bring industry understanding and expertise, a client base, and an identified problem to Veriluma, to which Veriluma's software may then be applied.

Partners engaged with a view to private sector sales are most likely to already be vendors of software, applications, or digital solutions. With a client base already established and a tried route to market, Veriluma's software and prescriptive analytics engine can be embedded within their digital platforms.

⁴You should note that the Gartner Report described herein represents research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Prospectus) and the opinions expressed in the Gartner Report(s) are subject to change without notice. Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

Target revenue generation from a partner-led approach will take into consideration both the volume of transactions, as well as value and may involve some or all of the following components:

- Subscription or licence fees – e.g. annual or monthly;
- Consumption fees – based on number of transaction, customer take-up or usage; and
- Shared revenue or profit or royalties.

For example, Veriluma and Tyndall Capital have jointly developed an application which uses Veriluma's software in a credit risk scenario for MarketLend, a P2P lending business operated by Tyndall Capital. The product has not yet been fully commercialised by the parties. Veriluma's revenue on wider commercialisation would likely be dependent upon the overall number of loans granted. A high volume of approved loans would be the goal, so as to translate into a greater revenue stream to Veriluma. Refer to Section 9.3.2 for further details of the Co-operation Agreement with Tyndall Capital and its current status.

In the mining and resources industries, Veriluma software is to be offered on a "**white label**" (faceless or hidden) basis as an embedded component of a software application, sold by Oniqua, which assesses the criticality of spare parts in the energy and resources sector to minimise unforeseen shutdowns and reduce working capital levels. Under Veriluma's agreement with Oniqua, Veriluma will receive a monthly subscription fee and a royalty as an agreed percentage of consulting fees and sales generated by Oniqua. Refer to Section 9.3.3 for further details of the agreement with Oniqua.

Post-Completion, Veriluma's strategy will be to focus significantly on the business development and marketing initiatives discussed below to replicate these partnering models across a number of target industries (which include M&A, legal services, financial services and insurance) and to secure multiple application vendors with global reach to sell Veriluma's software product to existing and prospective customers. Partners may sell Veriluma's software on their premises or in a cloud hosted (white label) solution. It is envisaged that these partners will hopefully deliver a recurring, consistent, revenue stream to Veriluma as a consequence of their sales to their client base.

(c) Customer Model – Horizontal Market Offering

In addition to the partnering model, Veriluma's other business models are directly customer based. Under these models, the Veriluma customer has access to the standard Veriluma software. The software can be used to define the customer's problem within one or more templates or models, which can then be used to gather relevant factors defined by the model. The model provides user interface and the predictive engine in the Veriluma software is initiated to pass the factors across the problem template to assess and define the outputs. These outputs provide the likelihood of outcomes for the defined problem.

The Veriluma software can be hosted in the cloud under a SaaS (Software as a Service) model. This SaaS model supports recurring revenue streams based on revenue subscription and/or consumption fees. Alternatively, the Veriluma software can be deployed on premises by customers whose security policies require such physical installation, e.g. defence and government agencies.

Revenue can be calculated on a "per user" basis, as royalties or through technical support, maintenance and consulting fees.

(d) Research and Development

As with all software products, Veriluma software requires continual enhancement, maintenance and support. Veriluma intends to undertake to ongoing research and development and an active dialogue with customers to ensure the Veriluma software meets changing market demands.

Veriluma intends to continue to supplement its working capital by accessing where possible Commonwealth government grants for further research and development.

(e) Revenue Streams – How will Veriluma generate income?

Veriluma is first a software development company. Veriluma's primary source of income is intended to come from the sale, or use, of Veriluma software products. Veriluma's second source of income is intended to come via associated services, such as training, consulting, support, and maintenance.

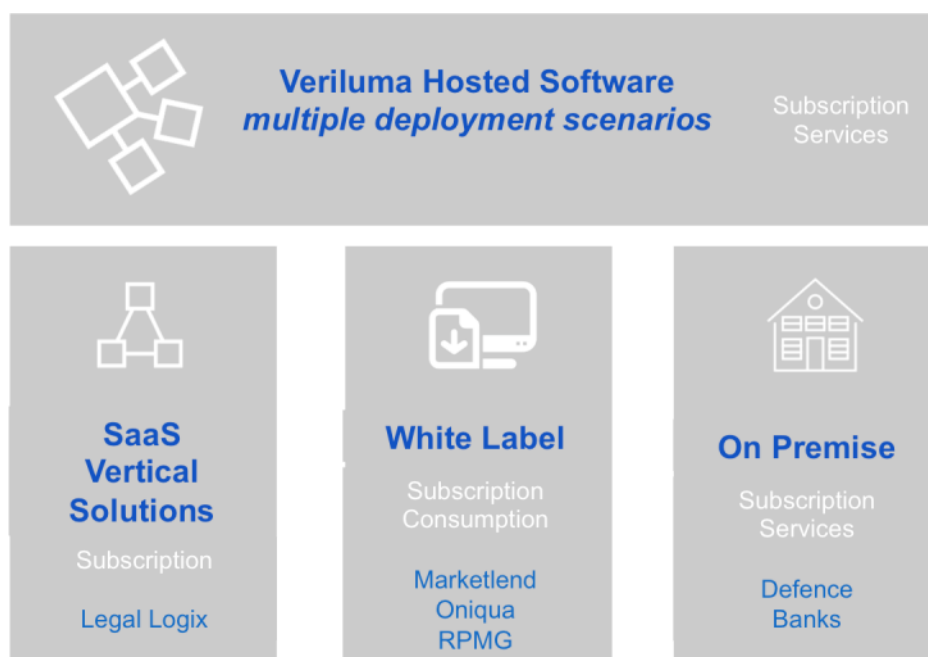


Figure 4: Revenue Streams

Revenue from product sales can take 4 forms:

- (1) A traditional **On premise** deployment, where the client chooses to deploy Veriluma software within their environment on their hardware – with everything run and managed by the client and their IT department. This model that was used by the Australian Defence Department's, Defence Intelligence Organisation (**DIO**), where the need to deploy on secure networks was paramount.
- (2) Veriluma software is deployed and available via a cloud **Hosted** solution. Delivering Veriluma's software this way means users can build their own solutions using the hosted service Veriluma provides.
- (3) **White Label** solutions can also be used where partners embed Veriluma software within their technology offering (hosted or on premise). Veriluma's software is hidden (headless) and called to perform assessments as a component of the partner's solution. This approach is used, for example, by Oniqua and MarketLend.
- (4) **Vertical or Partnering** solutions are built on a customised basis in conjunction with a partner, such as a firm of lawyers, and hosted by Veriluma. Clients then subscribe to use the solution.

For clients who wish to use Veriluma's software and build their own solutions, Veriluma would seek to generate revenue from monthly subscription fees collected annually in advance whether the software is hosted or on premise. Currently, Veriluma generally charges a monthly subscription fee of \$4,500 per analyst user.

White label solutions typically attract:

- 15% of the end user application fee charged by the vendor; or
- a share of the subscription fee (e.g. 50/50) where a hosted service is provided to clients of the vendor; and/or
- a consumption fee for every assessment performed using Veriluma's software.

Vertical or partner solutions will be priced on a case by case basis in accordance with the market, user and problem they address. These solutions may be one off or subscription services paid in advance.

(f) Revenue from Software Related Services

The second broad category of income for Veriluma will be derived from software related services such as training and mentoring, support and maintenance, and creation of models for clients and partners.

2.5.7 Sales Strategy

Veriluma intends to embrace two sales channels: direct sales and indirect sales.

(a) Direct sales

In this channel, Veriluma will use its own marketing and business development resources to secure new business and maintain existing revenue generating clients. Fees are expected to be derived from a mixture of upfront licence fees and revenue from support and maintenance, training and implementation, royalty income and subscription fees based on use and users. Veriluma intends to embrace this approach for sales initially to government, defence and intelligence markets. Veriluma has recently appointed a Canberra-based Business Development Executive with appropriate security clearance to generate and address opportunities across the Department of Defence and the Commonwealth Government more widely.

(b) Indirect Sales

Establishing an indirect channel to market allows Veriluma to identify resource gaps, such as a lack of consulting personnel, or an industry or market opportunity. Once understood, Veriluma can research and select a suitable industry partner who can bring resources, experience, contacts to develop a solution, and clients to use it. The partner may white label Veriluma software or build in-house solutions for their clients. Partners will be managed by industry specific channel managers whom Veriluma intends to recruit progressively as industries are addressed.

2.5.8 Marketing and Growth Strategies

While Veriluma is conscious of the importance of brand awareness, the nature of Veriluma's business in the application of prescriptive analytics in sensitive commercial, defence and intelligence contexts means marketing needs to be at times discrete, very targeted and focused to achieve specific outcomes. It is Veriluma's intention that direct and indirect sales channels noted above will be supported by brand and product advertising, public relations and social media activities.

Veriluma aims to win new business with its existing Veriluma software products initially within its current markets of defence and intelligence. This is anticipated to progressively expand into Commonwealth, State and Territory law enforcement agencies, particularly in their areas of operation addressing national security and counter-terrorism.

Veriluma also intends to take its software products into identified new target markets, such as financial services, insurance, legal services, and large asset-intensive industries, as discussed further in Section 2.5.9. Existing Veriluma software products will also be taken into new geographic markets with a priority being given to the United States of America, the United Kingdom and Europe.

Veriluma's foundation market will be defence and intelligence, and the associated sector of law enforcement and public safety. With the potential increase in threats to global security and the need for more predictive and proactive approach of security procedures, the Directors believe that the potential scale of the law enforcement and public safety market opportunity alone could be a significant growth opportunity for Veriluma.

Progressively, Veriluma intends to expand its software product capabilities by adding new functions and features in response to user feedback and suggestions, industry trends and regular internal reviews of capability. Veriluma's research and development activities are expected to continue to enhance and ensure ongoing market relevance. In addition, where it makes strategic and financial sense, Veriluma will acquire technology capability (refer to Section 2.5.10). These new offerings will be marketed to both existing and prospective clients globally.

2.5.9 Customers and Commercial Partners

Veriluma's foundation customer was the Australian Defence Department's, Defence Intelligence Organisation (**DIO**). Through this initial intelligence agency and its use of Veriluma's software, Veriluma has continued to develop relationships with other Commonwealth government intelligence based agencies such as the Office of National Assessments (ONA) and the Office of the Vice Chief of Defence. Typically, these agencies work in a highly secure environment, on tasks of national importance, where individuals need high level security clearances to access classified information. In Government, the Directors and Proposed Directors believe that Veriluma's software can assist decision-making with respect to a wide range of geopolitical and national security problems, as well as in the defence and intelligence areas.

Veriluma's business strategy has been to grow its defence footprint by recently hiring an experienced, ex-defence, Government Business and Relations Manager based in Canberra. Refer to Section 5.3 for further details of Veriluma's Government Business and Relations Manager. In addressing targeted commercial or private sector markets (e.g. financial services and law), Veriluma's "go to market" strategy will initially be via partners who are established within those markets and have a well-established network and client base.

(a) Current Commercial Partners:

- (i) Tyndall Capital's "**MarketLend**", P2P lending platform, has jointly developed with Veriluma an application to start using Veriluma software to analyse, in real time, multiple quantitative and subjective data points, to determine the likelihood and certainty of repayment, and hence pricing, of loans made to small and medium enterprises.
- (ii) **Oniqua Inc.**, a company providing MRO (maintenance, repair and operations) analytics to asset intensive industries in the energy and resources sector, has commenced using Veriluma software to predict the likelihood and certainty of failure of critical spare parts across their asset intensive client base.
- (iii) **RPMG**, a sales and marketing analytics consultancy business based in Sydney, has agreed it will initially embed Veriluma's software within RPMG's hosted analytics application, Telemetry, providing client organisations with more accurate analyses of their sales and marketing effectiveness and their potential future revenues. Examples of potential applications for the use of Veriluma software for RPMG customers may include:
 - analysing risks to revenue generation and sustainable revenue growth;
 - reducing volatility, risk and uncertainty around revenue creation and conversion;
 - identifying economic, structural, environmental and operational risk and threats to future revenue delivery;
 - improving marketing and sales tactical intervention and execution, incorporating and integrating process, people and technology; and
 - enhancing revenue planning, budgeting and forecasting by employing causal inference and predictive and prescriptive analytics.
- (iv) **Global Business Resilience (GBR)** which is an independent, resilience-building consultancy that specialises in helping organisations predict and manage political, social, environmental, and security risks in complex and hostile environments. Using GBR's analysis and in-depth governance strategies, organisations may be better placed to anticipate disruption and potential crisis.

Combining GBR expertise and experience, with the predictive capability of Veriluma's software, means that governments and organisations should be able to implement strategies and actions to react quickly and effectively to evolving threats. The initial focus of this partnership will be to offer national security agencies predictive capabilities that allow them to mitigate against potential threats before they happen.

- (v) **Legal Logix** is a company jointly owned 50/50 between Veriluma and law firm, Templetons Legal & Consulting Pty Ltd (**Templetons**), for the purpose of creating disruptive legal software applications for a global market, with an initial focus on family law settlements to support the self-represented as well as produce a rapid, objective assessment (brief) of the case for lawyers. Other applications of the Veriluma software in the legal sector are envisaged to include, but are not limited to, personal injury (assessing the success of settling a claim), estate disputes and immigration matters. Refer to Section 9.3.6 for the status of this relationship with Templetons.

For further details concerning the material contracts of Veriluma and their status concerning the above commercial partners of Veriluma, please refer to Section 9.3.

(b) Key Target Customers and Development Timelines

Veriluma intends to increase its revenues by targeting public and private sector customers across the following categories:

- Government;
- law enforcement;
- financial services;
- legal services;
- asset intensive industries; and
- other market opportunities.

Veriluma has a pipeline of targeted growth development opportunities which it is currently pursuing within each area as shown in the diagrams below. There is no assurance or guarantee that these pipeline objectives will be met by Veriluma or in the timeframes contemplated.

(i) Government – Five Eyes

		2016/2017		2017/2018	
Department of Defence / Intelligence Agencies	Current Status	1 st Half	2 nd Half	1 st Half	2 nd Half
Prospect - Pipeline Building	Ongoing				
Connect					
Qualify					
Demonstrate Value					
Contract/Close					

The **Five Eyes** is an intelligence alliance comprising Australia, Canada, New Zealand, the United Kingdom and the United States of America. These countries are bound by the multilateral United Kingdom- United States of America Agreement (UKUSA Agreement), a treaty for cooperation in signals intelligence. The target market which Veriluma intends to focus on includes agencies within the defence, intelligence and law enforcement communities and agencies in these countries.

Government agencies often include an *intelligence* focus with a number of intelligence analysts engaged to provide decision support services within their own department.

(ii) Law Enforcement

		2016/2017		2017/2018	
Law Enforcement	Current Status	1 st Half	2 nd Half	1 st Half	2 nd Half
Prospect - Pipeline Building	Ongoing				
Connect					
Qualify					
Demonstrate Value					
Contract/Close					

The law enforcement market has similarities to the defence and intelligence markets where there is a need to undertake immediate threat assessment and formulate tactical responses. As in the area of defence, Veriluma's software is potentially a useful tool to assist governments to:

- assess and analyse complex cases with multiple lists of suspects, multilayered evidence;
- track long-term operations targeting organised crime groups, particularly where transparency and oversight are required;
- assess and address money laundering activities; and
- more effectively act and administer in the areas of criminal law, prosecution and legal defence strategy.

(iii) Financial Services

Financial services is a very broad market, that includes the banking, finance and insurance sectors and industries.

Veriluma has researched all of these sectors and is progressing business development and growth opportunities in them.

Veriluma has already established a joint venture relationship with Tyndall Capital's emerging P2P (peer-to-peer) lending platform provider, MarketLend to jointly develop and own a credit risk assessment software product. MarketLend has embedded the Veriluma engine within their processes. The engine performs an assessment of the borrower repaying the principal and interest of loans advanced. In essence, the Veriluma software allows a credit assessment of borrowers that delves deeper than traditional credit checks and includes known and potential factors that relate to personal information, economic and market trends, as well as global issues that may impact a borrower's capacity to repay.

The MarketLend product has started to generate nominal revenues. However, at the date of this Prospectus, the joint venture contract with Tyndall Capital governing the future commercialisation of the product is currently under review by Veriluma. Refer to Section 9.3.2 for further details of the Co-operation Agreement with Tyndall Capital and its current status.

The partnership with Tyndall Capital for its MarketLend platform provides some validation that the Veriluma engine works in the financial services sector and has allowed Veriluma to explore other opportunities in the financial technology (or FinTech) space. The broader capability of credit assessment is a discipline that Veriluma intends to pursue within other areas of financial services.

		2016/2017		2017/2018	
Mergers & Acquisitions	Current Status	1 st Half	2 nd Half	1 st Half	2 nd Half
Identification of Partners	Completed				
Develop Pilot Model	In Progress				
Model Validation					
Commercial Agreement					
Integration of Customer Solution					
Commencement of Revenues					

Veriluma has also developed its own pilot software model which has been tested in the delivery of corporate advisory services for M&A. Veriluma is actively progressing interest with international industry partners in the M&A and corporate advisory sector who have a global presence in this area. The models are intended to provide clients with a capacity to assess the potential likelihood of success of a merger or an acquisition. Importantly, the tool is of interest to both sides of a transaction. It provides a buyer with an insight into likely issues that may occur with an acquisition and an estimated probability that the organisations will be able to merge. For the company being acquired it also highlights both its strengths and weaknesses to ensure these are addressed to optimise value.

The Directors believe that the global M&A market is a growth opportunity for Veriluma. In an article published in the Harvard Business Review⁵, it was estimated that the failure rate for global M&A was somewhere between 70-90%. It is envisaged that the Veriluma software could be deployed and applied to analyse, with a stated degree of likelihood, whether a merger or acquisition is likely to achieve stated outcomes, such as lessening of duplication, and other synergistic benefits often claimed for a merger.

(iv) Legal Services

		2016/2017		2017/2018	
Personal Injury	Current Status	1 st Half	2 nd Half	1 st Half	2 nd Half
Identification of Partners	In Progress				
Develop Pilot Model					
Model Validation					
Commercial Agreement					
Integration of Customer Solution					
Commencement of Revenues					

Family Law	Current Status	1 st Half	2 nd Half	1 st Half	2 nd Half
Identification of Partners	Completed				
Develop Pilot Model					
Model Validation					
Commercial Agreement					
Integration of Customer Solution					
Commencement of Revenues					

In 2015, Veriluma established a jointly owned company to develop and promote disruptive solutions for the legal profession. The company is an Australian proprietary company called Legal Logix Pty Ltd and is owned 50/50 with Templetons Legal & Consulting Pty Ltd (**Templetons**).

Initially, work was carried out by Veriluma with analytical models that assess and report the likelihood and certainty that a given personal injury claim would be successful. This capability is seen as crucial to the industry, given the speculative unpaid work that is carried out by law firms to act for clients with personal injury claims.

In addition, in cooperation with Templetons, Veriluma has also started developing solutions for family law with a view to reducing the emotional engagement, bias and prejudice of clients with their legal teams.

The potential partnership with Templetons is at a very early stage in its development and is yet to be negotiated in a joint venture agreement and commercialised. Post Completion, Veriluma will seek to negotiate and enter into joint venture agreement with Templetons to commercialise this project.

⁵ Source: Harvard Business Review March 2011 Edition. Harvard Business Review have not provided their consent to include this statement in this Prospectus.

(v) Asset Intensive Industries

Asset Intensive Industries	Current Status	2016/2017		2017/2018	
		1 st Half	2 nd Half	1 st Half	2 nd Half
Identification of Partner	Completed				
Develop Pilot Model	Completed				
Model Validation	Completed				
Commercial Agreement	Completed				
Integration of Customer Solution					
Commencement of Revenues					

Veriluma has entered into an exclusive licence agreement with Oniqua Inc., a USA-based, intelligent machine resource optimisation (MRO) company to supply to it the Veriluma software engine. Refer to Section 9.3.3.

Oniqua's MRO provides inventory optimisation for asset-intensive industries and the agreement will allow the parties to explore a wide range of potential applications designed to help Oniqua customers enhance decision-making capabilities in the area of MRO spare parts and materials management.

Examples of potential applications for Oniqua customers include:

- assigning spare parts criticality;
- reducing the risk of unforeseen and lengthy shutdowns caused by the failure of spare parts;
- identifying political, cultural, environmental and financial risk and threats to future development sites;
- improving project management, such as risk obstruction and successful delivery; and
- enhancing strategic planning and competitive positioning.

Veriluma's software will assist Oniqua clients to:

- weigh factors according to their level of importance;
- assess and track problems over time as information changes;
- identify risks that client companies can take action to mitigate; and
- consider both quantitative and qualitative information to allow users to consider all factors without emotion, bias or prejudice.

(vi) Commercialisation Priorities

The Veriluma software is also envisaged to help organisations and individuals define their problems and systematically step through the problem-solving process. The software may have many possible applications, however Veriluma is very conscious of managing potential growth and prioritising opportunities.

The following are Veriluma's key commercialisation objectives that it aims to achieve over the next 12 months:

By 31 December 2016

- Develop a cloud hosted solution for the M&A market – with a proof of concept model completed and demonstrable which is capable of integration and testing by potential strategic partners in the M&A and corporate advisory industry.
- Complete a threat assessment proof of concept model for the Australian and New Zealand Counter Terrorism Centre (**ANZ CTC Project**). This is a project initiated by the Australian Commonwealth Government.
- Establish a Veriluma office in the United States to focus on identified opportunities in counter terrorism, law enforcement and intelligence in the United States.

- Hire a United States based business development manager to lead and develop opportunities in the counter terrorism sector in the United States.
- Secure a signed agreement with a United States based reseller and partnership to address the U.S. Federal Government, Defence and Intelligence markets.
- Develop a proof of concept application for the legal profession, specifically to address family law requirements for property settlements.
- Enter into a joint venture agreement with Templetons for Legal Logix Pty Ltd and secure a signed agreement for Legal Logix with strategic partners in the legal profession in South Africa, United Kingdom, Canada as resellers of the Legal Logix family law application. Legal Logix being a company established and jointly owned with Templetons Legal & Consulting Pty Ltd to address disruptive software opportunities within the legal profession.

By 30 June 2017

- Deliver a commercially available application, which provides a fully hosted platform that is agnostic of specific problems/models and is charged on a user pays subscription based revenue model. This could be used by both the commercial sector to trial the capability but also the consumer market.
- Secure a significant project with the Australian Department of Defence - specifically a high profile known project which will generate revenue from licences and services.
- Secure a second significant project within a Commonwealth Government agency generating revenue from licences and services.
- Secure a project with the ANZ Counter Terrorism Centre: through an initial proof of concept model – commence generating revenue from licences and services from this project.
- M&A Services: secure the first M&A service provider as a strategic partner, embedding Veriluma's software engine within their current market offerings for their clients.
- Secured and delivered the first proof of concept solution for a U.S. Federal Agency and generate international revenues from licences and services.
- Completed the first family law application for the legal profession and achieved revenues through licences and services.
- Phased launch of the Legal Logix family law application in Australia, South Africa, United Kingdom, Canada with Australia being the first country to launch.

The above business objectives are target objectives only. There is no assurance or guarantee that these objectives will be met by Veriluma or in the timeframes contemplated. The success of achieving these objectives and any revenue generation in the timeframes noted will be contingent on the key risks affecting the business of Veriluma as discussed in Section 1.3, including the success of Veriluma's business development, sales and marketing activities to retain and attract customers and strategic partners, the user experience of Veriluma's software and Veriluma's ability to retain and recruit suitable staff to implement these objectives.

The Board will continually review opportunities and ensure that Veriluma manages and prioritises opportunities utilising its available resources.

2.5.10 Ongoing Product Development

Software products are by their nature, continually evolving. Veriluma has a product roadmap which lays out its priorities for the enhancement of the Veriluma software, so as to include new features, functions and benefits to the customer. Those priorities are further discussed below.

Veriluma's software products have at this stage been developed, and started to be commercialised and licensed to its early foundation clients. However, customers, prospects, and market research continually suggest new opportunities to enhance or improve the Veriluma software products.

Veriluma's software development is managed by Veriluma's Chief Technology Officer (CTO) who manages resource requirements as specified in Veriluma's product roadmap. Primarily, software engineering is limited to the core product.

Veriluma intends to undertake ongoing research and development and maintaining an active dialogue with its customers and customers of its channel partners to ensure that the Veriluma software meets changing market demands.

Veriluma also intends to adding functionality to the Veriluma software.

Veriluma's priorities for product enhancements include offering such product features as:

- automated work-flow;
- problem reasoning interfaces;
- machine learning;
- structured and unstructured data feeds and integration; and
- data mining and analytics.

Veriluma may itself develop this added functionality or it may license or use synergistic functionality offered by third-party software providers. Veriluma intends to supplement its working capital by accessing Government grants where available for ongoing research and development activities.

Veriluma is also exploring opportunities to acquire or partner with other synergistic product-based companies. As Veriluma grows, it intends to investigate options to increase its client base, add more revenue streams and extend its reach by creating an end-to-end decision support solution. The Directors believe that there are valuable strategic opportunities to acquire such technologies as part of its vision to grow the business.

2.5.11 Veriluma's Intellectual Property

The proprietary process and methodology embodied in the Veriluma software is protected by the following patent registrations (**Patents**):

- United States Patent Registration 7720787, with effect from 10 June 2006; and
- Australian Patent Registration 2006202485, with effect from 9 June 2006.

Each Patent relates substantially to the same subject matter and is entitled "*Intelligence analysis method and system using subjective logic*".

The Patents are currently granted, in force, and registered in the name of Veriluma.

The concept for Veriluma's software was originally conceived within an Australian Commonwealth Government Research Centre for Distributed Systems Technology (DSTC Pty Ltd) and the process and methodology were further developed with input from the Australian Commonwealth Department of Defence. The intellectual property behind the patented process was subsequently conveyed by the individual inventors, in the case of the US patent, to Veriluma pursuant to an assignment of assignors' interest registered with the US Patent Office and, in the case of the balance of the intellectual property, assigned under and as contemplated by an Intellectual Property Sale Agreement dated 27 January 2006 as altered by agreement dated 28 February 2006 between DSTC Pty Ltd ACN 052 372 577 (since deregistered) and Veriluma.

For convenience, an abstract from one of the Patents summarising Veriluma's patented process is set out below.

Method of and system for analysing a set of exhaustive and exclusive hypotheses, including assessing and assigning base rates for each hypothesis; determining a set of items of evidence that are relevant to, have a causal influence on, or would disconfirm more than one hypothesis; assessing and assigning base rates for each item of evidence; deciding, for each item of evidence, whether the item should be treated as being a causal influence or diagnostic indicator with respect to the set of the hypotheses; if the item of evidence is to be treated as a causal influence—making a judgement as to the likelihood of each hypothesis, both if the evidence were true, and also if the evidence were false; if the item of evidence is to be treated as a diagnostic indicator—making a judgement as to the evidence being true if the hypothesis were true; assessing the belief for each item of evidence being true; deciding a set of interim beliefs in each hypothesis for each individual item of evidence by:

- *employing a conditional inference operator for evidence that is to be treated as a causal influence; and*
- *employing a reverse conditional inference operator for evidence that is to be treated as a diagnostic indicator; and*
- *deciding the overall belief in each hypothesis by employing a consensus operator on the respective set of interim beliefs.*

The intellectual property in the Veriluma software is also protected through commercial-in-confidence alliance agreements and confidentiality agreements.

The grant of the Patents supports the novelty of the claims made in the patent specifications behind the Veriluma process embodied in its software. However, as with all patents, the grant of the Patents themselves do not guarantee the validity or enforceability of the Patents or their granted claims. Nor do they provide the patent owner with freedom to commercialise the invention behind the Patents where to do so would infringe third-party rights. As such there is always a potential risk of third-parties challenging the validity of the granted Patents where they have a legitimate basis to do so and accordingly there can be no guarantees as to the validity, enforceability or scope of any of the claims made in the Patents owned by Veriluma. Notwithstanding this, the Directors and Proposed Directors are not aware of any such third-party claims.

Further information regarding the Patents is contained in the Intellectual Property Report in Section 7 and further detail regarding risks associated with ownership of intellectual property is discussed in Sections 1.3 and 3.

2.5.12 Location of Operations

Veriluma currently operates out of an office located in St. Leonards, a business centre on the lower north shore of Sydney, Australia.

It currently has two full-time equivalent (**FTE**) employees located in Sydney; one FTE employee and three contractors based in the Gold Coast; one part-time employee based in the Australian Capital Territory, and one FTE employee in Adelaide. All Veriluma computer servers and principal suppliers are located in Australia. Veriluma has found these operational arrangements to be, over a number of years, reliable, secure, and well matched to its business objectives.

2.5.13 Future funding requirements

The Company's proposed 2 year expenditure budget and use of funds following completion of the Public Offer is detailed in Section 6.10.

Further funding beyond the proceeds received under the Public Offer may however be required by the Company and Veriluma to support their ongoing activities and operations, including the need to develop new products, improve existing products, enhance its operating infrastructure and to acquire complementary businesses and technologies. Accordingly, the Company may need to engage in equity raisings or debt financings to secure additional funds. There can be no assurance that such funding will be available on satisfactory terms (or at all) at the relevant time. Any inability to obtain additional funding (or inability to obtain funding on reasonable terms) may adversely affect the financial condition and financial performance of the Company.

3. Risk factors

3.1 Introduction

The risks contained both in Section 1.3 of the Investment Overview and in this Section 3 should be considered carefully by potential investors.

The Securities to be issued under this Prospectus should be considered highly speculative because of the nature of the commercial activities of the Company. Potential investors should be aware that an investment in the Company involves risks, which may be higher than the risks associated with an investment in other companies.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with the Company's activities and its existing involvement in the exploration industry, and attributable to Veriluma's business. The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risk factors are, however, largely beyond the control of the Company and its Directors because of the nature of the proposed activities of the Company.

Therefore, the Securities to be issued under this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Persons considering whether or not to invest in the Company should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate, before any decision is made to apply for Securities. Prospective investors should consider whether the Securities offered are a suitable investment for them having regard to their own personal investment objectives and financial circumstances and the risk factors set out below. If in any doubt, they should consult with their professional advisers before deciding whether to apply for Securities.

Members should be aware that if the Proposed Acquisition is completed, the Company will be changing the nature and scale of its activities and will be subject to additional or increased risks arising from Veriluma, parties contracted or associated with Veriluma and the Share Sale Agreement and other agreements, including, but not limited to, those summarised in this Prospectus. The following, which is not exhaustive, identifies some of the major risks associated with an investment in the Company, of which potential investors need to be aware before making a decision on whether or not to invest in the Securities. The following risk factors, and others not specifically referred to below, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

3.2 Company Specific Risks

3.2.1 Limited Trading History

Veriluma is an early-stage business with a limited trading history. Since commencement of the Veriluma concept in 2010, Veriluma's activities have primarily comprised the expenditure of money to develop Veriluma's software and products and seek patent protection.

Like many early-stage businesses, it has incurred significant losses since its inception and has had limited revenues from initial early stage, proof of concept, commercialisation activities predominantly with the Australian Department of Defence.

Post-Completion, Veriluma intends to actively increase the commercialisation phase of its business model using funds received from the Public Offer and as such carries the risks of a start-up business with limited commercialisation activity. Given Veriluma's limited trading history, it is difficult to evaluate Veriluma's business or its prospects and no assurance can be given that Veriluma will be able to implement its business plan and ultimately become commercially viable. While Veriluma is now in a position to earn revenue through customers paying to use its software and products, there is no certainty around the number of customers or partners (if any) that will use the software or products of Veriluma. Accordingly, Veriluma is not in a position to give any guidance around likely revenue or profitability.

3.2.2 Reliance on key customers

Veriluma's foundation contracted customer was the Australian Department of Defence, in particular its Defence Intelligence Organisation (**DIO**), which contributed approximately 80% of the revenue generated by Veriluma since 2012.

In 2012, Veriluma licensed to the Australian Department of Defence its software for 42 users, with a three-year maintenance period. The rights to charge fees for licensing and maintenance services under the contract have now expired, however the Department continues to use the Veriluma's software under perpetual royalty free licence to support its operations. Veriluma is in discussions with the Australian Department of Defence to enter into a new licence contract for additional users and maintenance services.

Veriluma and its channel partners and resellers are also in discussions with other Commonwealth government agencies, operating in the defence, intelligence and assessments arenas, and Veriluma is hoping to enter into new contracts.

Veriluma channel partners and resellers include individuals and consultancies with defence force, special services, intelligence, counter-intelligence and counter-terrorism experience and awareness. As the western world continues in a number of centres to be subject to heightened levels of terrorism, organised crime and public safety threats, Veriluma believes that its software products will continue into the foreseeable future to be in demand.

For each contract, it is not possible to conclusively state when or if a new contract will be entered into or an extension right exercised. Entry into or extension of contracts is not guaranteed and may not occur. The loss of the Department of Defence as a key customer would have a material adverse effect on Veriluma's business. The risk of loss is being mitigated through the breadth and size of the opportunities with other defence, intelligence and assessment agencies, contracts with whom would be closely targeted and sought to be accelerated should the main defence contract not eventuate, and by the engagement of seasoned and competent Veriluma employees and representatives with appropriate qualifications and networks based in Canberra.

3.2.3 Reliance on sales and marketing success to attract new customers

As an early stage Australian company seeking to enter global markets, a lack of visibility and market awareness of Veriluma's software is a significant challenge for Veriluma.

Post-Completion, the Company intends to fully commercialise Veriluma products by focussing on sales and marketing activities as outlined in Section 2.5. There is no guarantee that Veriluma's sales and marketing strategy will be successful. Even if Veriluma successfully commercialises its products, there is a risk that the Company may not generate sufficient revenue to cover its operating costs.

3.2.4 Reliance on industry partners

Veriluma relies in part on industry or channel partners to use, integrate or distribute the Veriluma software product to their underlying customers. If Veriluma is not able to attract and retain suitably qualified and productive industry partners to use its software, it may not be able to implement its business plan.

3.2.5 User experience

There is a risk that Veriluma's software may not be commercially successful and may not function, operate or integrate as intended including with respect to the capacity to service customers or integrate with products or services offered by strategic partners. Veriluma's software and products are complex; they may have errors or defects that users identify after they begin using them. There is a risk that the software may not be scalable in that the software or hardware may not support large numbers of users. Veriluma's business model is reliant on recurring revenues from usage and poor user experience may adversely affect customer take-up, retention and the level of usage of Veriluma's products. Poor user experiences may also result in adverse publicity, litigation, or regulatory enquiries. If any of these occur, the Company's reputation, performance and profitability will be adversely affected including the value of its Securities.

3.2.6 Retention and recruitment of key personnel

The development of Veriluma's business has been largely due to the efforts, experience and leadership of its management team, including its founders, Mr Richard Anstey and Ms Elizabeth Whitelock.

Going forward, the responsibility of overseeing the day to day operations and strategic growth of Veriluma will depend substantially on its key personnel being Ms Elizabeth Whitelock as the CEO of the Company and the other key personnel in Section 5.3. Loss of such key personnel could adversely affect the Company's performance and the achievement of its strategic growth objectives.

Veriluma's ability to effectively execute its business objectives and growth strategy also depends significantly on its ability to recruit and retain appropriately qualified software development and marketing personnel with suitable technical and marketing expertise and knowledge of the industries in which Veriluma will target. There is no guarantee that Veriluma will be able to recruit and retain such personnel. The inability to attract and retain key personnel could have a material adverse effect upon the Company's business, results or operations and financial condition.

3.2.7 Contractual risk for material contracts

Veriluma is and will continue to be reliant on various contractual and licensing arrangements and relationships with third parties (refer to Material Contracts in Section 9). There can be no guarantee that those contracts will be performed in accordance with their terms, that they are enforceable or that their terms will produce revenues or beneficial outcomes for the Company.

In relation to the Co-operation Agreement with Tyndall Capital referred to in Section 9.3 (**Co-operation Agreement**), Veriluma and Tyndall Capital have jointly developed and equally own a customised application using Veriluma's software to assess credit risk for MarketLend, a peer-to-peer (**P2P**) lending business operated by Tyndall Capital. The MarketLend application has been tested and has started to generate nominal revenues for Tyndall Capital and Veriluma pursuant to a joint venture established under the Co-operation Agreement, however at this stage the product is yet to be fully commercialised.

At the date of this Prospectus, it is as Veriluma's contention is that the Co-operation Agreement does not properly cover all matters that the agreement should cover (including its preferred business model for the MarketLend application going forward) and that the parties should re-negotiate the terms of the Co-operation Agreement into a more comprehensive agreement which would replace the terms of the existing Co-operation Agreement. The parties have been in negotiations, however as at the date of this Prospectus a new agreement has not been entered into. No guarantee or assurance can be given by the Company that this will occur.

In the event that a new agreement is not negotiated and entered into to replace the Co-operation Agreement, Veriluma will continue to perform its obligations under the existing Co-operation Agreement as the basis of the joint venture to govern the ownership and commercialisation of the MarketLend application. In addition, as noted in Section 2.5.9(b), Veriluma will also be seeking to establish partnerships with other vendors in the financial services sector.

Refer to Section 9.3.2 for further details of the Co-operation Agreement with Tyndall Capital and its current status.

3.2.8 Intellectual property risks

If Veriluma fails to protect its intellectual property rights adequately, competitors or potential competitors may gain access to its technology which could harm the Veriluma business. Veriluma currently has registered patents in Australia and the US only, and Veriluma may not be able to obtain patent protection in other jurisdictions in the future. If patents are granted in the future, they may not provide Veriluma with any, or sufficient, competitive advantages, or may be challenged by third parties.

Legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Effective patent, trademark, copyright and trade secret protection may not be available to Veriluma in every country in which its products are made available. Accordingly, despite its efforts, Veriluma may not be able to prevent third parties from infringing upon or misappropriating its intellectual property in every, including perhaps significant, jurisdiction in which its products are made available.

Veriluma may be required to incur significant expenses in monitoring and protecting its intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to Veriluma and cause a distraction to management. In addition, unauthorised use of the Veriluma brands may result in potential revenue loss and have an adverse impact on Veriluma's brand value and perceptions of its product qualities.

3.2.9 Validity of Patents

The Patents held by Veriluma support the novelty of the claims made in the patent specifications behind the Veriluma process embodied in its software. However, as with all patents, the grant of the Patents themselves does not guarantee the validity or enforceability of the Patents or their granted claims. Nor do they necessarily provide Veriluma with freedom to commercialise the invention behind the Patent where it would infringe third-party rights. As such, there is always a potential risk of third parties challenging the validity of the granted Patents where they have a legitimate basis to do so and, accordingly, there can be no guarantees as to the validity, enforceability or scope of any of the claims made in the Patents owned by Veriluma. Notwithstanding this, Veriluma has advised the Company that it is not aware of any such third-party claims.

For further information on the intellectual property rights held by Veriluma, please refer to Section 2.5.11 of this Prospectus.

3.2.10 Going concern

(a) Parmelia Resources

The Company's interim financial report for the half-year ended 31 December 2015 noted the following:

"The Directors have prepared the financial statements of the consolidated entity on a going concern basis which assumes continuity of normal business activities and realisation of assets and the settlement of liability in the ordinary course of business.

The consolidated entity has incurred a net loss after tax for the half year ended 31 December 2015 of \$1,399,933 (31 December 2014, loss: \$1,186,512) and incurred net cash outflows from operations of \$105,728 (2014: \$353,249). As at 31 December 2015, the consolidated entity had cash and cash equivalents of \$471,460 (30 June 2015: \$237,090) and net assets of \$1,196,513 (30 June 2015: \$2,127,144).

These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as going concern.

The Directors believe that it is appropriate to prepare the financial report on a going basis as follow:

- *Subsequent to 31 December 2015, the consolidated entity successfully raised \$563,244 net of capital raising costs, which is deemed sufficient to cover the costs in relation to the proposed acquisition of Veriluma, working capital and on-going expenditure commitment of the consolidated entity.*
- *If the proposed acquisition of Veriluma is successful, further funding will be required to meet the going forward working capital costs of the consolidated entity and to the extent that further equity is required, the Directors are confident that a sufficient capital raising can be completed, as has been demonstrated.*
- *In the event that the proposed acquisition of Veriluma is not successful, the consolidated entity will continue to look for favourable investment opportunities and will reduce its operating cost structure to a level where existing working capital is sufficient to cover the consolidated entity's operations for a period of at least 12 months from the date of this audit report.*

The financial statements have been prepared on the basis that the Company and consolidated entity will continue to meet their commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. In arriving at this position, the Directors are reviewing various funding alternatives to meet these commitments. These funding alternatives include a reduction of discretionary spending, disposing the tenements, ongoing reviews and monitoring of contractual commitments.

After considering the uncertainties described above, the Directors have a reasonable expectation that the Company and consolidated entity have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the half-yearly report and accounts."

Notwithstanding the above qualifications included in the Independent Auditor's Review Report issued to the Company for the half-year ended 31 December 2015, the Directors believe that upon the successful completion of the Public Offer, the Company will have sufficient funds to adequately meet the Company's current expenditure commitments and short term working capital requirements. However, it is highly likely that further funding will be required to meet the medium to long term working capital costs of the Company. Please refer to Sections 2.5.13 and 3.4.1 for further details. In the event that the Public Offer is not completed successfully, there is significant uncertainty as to whether the Company can continue as a going concern, and which is likely to have a material adverse effect on the Company's activities.

(b) Veriluma

Note 1(m) "Going Concern" of the financial report for the half year end 31 December 2015 for Veriluma describes that the financial statements of Veriluma have been prepared on a going concern basis. The Statement of Financial Position reports material accumulated losses and reliance on related party loans to improve liquid asset ratios. The ongoing viability of Veriluma is dependent on completion of the Proposed Acquisition of Veriluma by Parmelia and continued support from shareholders and financiers.

3.2.11 Reinstatement of Shares to trading on ASX

The Company's securities have been suspended from Official Quotation since the date of the General Meeting. As all of the Essential Resolutions were approved by members at the General Meeting, it is anticipated that the Company's securities will remain suspended until Completion - including re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on such reinstatement.

There is a risk that the Company will not be able to satisfy one or more of those requirements and that its listed securities may consequently remain suspended from quotation.

3.2.12 Proposed Acquisition is conditional

The ability of the Company to proceed with the Proposed Acquisition, Public Offer and Placements is conditional on the Conditions of Completion. If one or more of the Conditions of Completion are not met, Completion will not occur and the Company cannot proceed with the Public Offer or the Proposed Acquisition. Failure to complete the Public Offer may have a material adverse effect on the Company's financial position.

The Conditions of Completion are:

- the Company raising \$3,500,000 under the Public Offer;
- the satisfaction or waiver of the Conditions Precedent to the Proposed Acquisition; and
- ASX providing its conditional approval for re-instatement to trading of the Company's Securities on the ASX on terms acceptable to the Company.

If any of the Conditions of Completion are not satisfied, the Public Offer will not proceed and the Company will repay all Application Monies without interest. If the Public Offer does not proceed, the Proposed Acquisition will not complete and the Company will not proceed with the Placements. The Company may consequently remain suspended from Official Quotation.

3.2.13 Dilution risk

Upon completion of all of the Offers, new investors who subscribe for Shares in the Public Offer will only retain a relatively small proportion of the Company as described in Section 6.11. These new investors in the Company will be unlikely to be able to significantly affect the Company's direction by exercising their voting rights in the usual manner.

The Company also has Existing Options on issue and as part consideration for the Proposed Acquisition proposes to issue the Performance Shares under the Vendor Placements pursuant to the Share Sale Agreement. If all of these Securities are converted into Shares there will be a dilutionary effect on the holdings of the Company's existing Shareholders.

3.2.14 Veriluma Shareholders may sell their Shares

Some of the Veriluma Shareholders and other recipients of Shares under this Prospectus may elect to sell their Shares subject to any escrow restrictions required by the ASX following Completion. If one or more of these parties elect to sell a sufficiently large number of Shares, then this may negatively impact the price or value of the Shares.

3.2.15 Liquidity risk

Upon reinstatement of the Company's securities to Official Quotation, a significant portion of the Shares on issue will be subject to escrow restrictions imposed by the Listing Rules and the Voluntary Escrow Agreements. This will impact liquidity in the Shares as a large portion of the issued capital may not be traded freely for a period of up to 24 months.

3.2.16 Disposal of exploration assets

As discussed in Section 2.1, following Completion, the Company will consider disposing of its interests in the Mineral Tenements. The Board will explore various opportunities or strategies by which to dispose of the Mineral Tenements in the best interests of Shareholders and the Company, but having regard to the Company's obligations in relation to those Mineral Tenements and under the Jaurdi Hills Joint Venture Agreement. This includes recognising that JH Mining has a pre-emptive right to purchase certain of the Mineral Tenements which are governed under the Jaurdi Hills Joint Venture Agreement. If the Company does not regard any such strategies or opportunities as commercial or in the best interests of Shareholders, then the Company may pursue forfeiture or relinquishment of the Mineral Tenements which will derive no returns for the Company. There is a risk that the forfeiture may become protracted or could result in unforeseen costs or expenses incurred by the Company. There is also a risk that if the Mineral Tenements are not disposed of in a timely manner then the Company may incur additional expenditure to maintain the tenements in good standing until a sale or divestment is completed. It is not expected that any additional expenditure will be a material amount but it may require the Company to divert funds from another category of investment.

3.3 Industry Specific Risks

3.3.1 Competition and new technologies

Veriluma will be participating in a highly competitive market. Some of Veriluma's competitors may have greater financial and other resources than Veriluma and, as a result, may be in a better position to compete for future business opportunities.

Veriluma will need to ensure that it can position, and differentiate, itself from its competitors to gain market share. There is no certainty that Veriluma will be successful in this market.

The industry in which Veriluma operates is subject to rapid change. Veriluma will have no influence over the activities of its competitors, whose activities may negatively affect the operating and financial performance of Veriluma. For example, new technologies could overtake Veriluma's products, in which case Veriluma's revenue and profitability could be adversely affected.

3.3.2 Product faults

Software products frequently contain undetected defects or bugs on launch or when new versions or enhancements are released. Veriluma has on occasions found defects and bugs in its products and new defects or bugs may be detected in its existing or future products. If that occurs, Veriluma's revenue may be adversely affected.

3.3.3 Customer service risk

Customers may need to engage with members of Veriluma's customer service personnel in certain circumstances, including if they have questions about Veriluma's products or if there is a dispute between a customer and Veriluma. Veriluma will need to recruit and retain staff with the requisite skills to appropriately respond to such matters. Poor customer service experiences may result in the loss of customers. If Veriluma loses key customer service personnel, fails to provide adequate training and resources for customer services personnel, or if the computer systems relied on by customer services personnel are disrupted, this could lead to adverse publicity, litigation, regulatory inquiries or a decrease in customers, all of which may negatively impact Veriluma's financial performance.

3.3.4 Failure to deal with growth

The Directors believe that Veriluma's business has the potential to grow rapidly. If that occurs and Veriluma fails to properly manage that growth, then that failure could harm its business. Any failure to meet customer demand properly could adversely affect the business, including demand for Veriluma's solutions, or revenue collection, customer satisfaction and public perception.

3.3.5 Reliance on third-party Information Technology (IT) service provision

Veriluma utilises equipment, software and services supplied by third parties to provide its products and services. Significant or extended disruption in the supply of Veriluma's products and services caused by supplied equipment, or software or service failure may reduce Veriluma's ability to generate revenue, adversely impact customer service levels and damage Veriluma's brand. This could adversely affect Veriluma's ability to generate new business and cause it to suffer financial loss. Any mitigation of this loss via redress from third-party suppliers may not be immediately available, if at all.

3.3.6 Reliance on core IT and other systems

The availability of Veriluma's products and services is dependent upon the performance, reliability and availability of its IT and communication systems. This includes its core technologies such as computer servers and back-end processing systems. These systems may be adversely affected by a number of factors including major events such as acts of terrorism or war, cyber security breaches, other forms of hacking or civil disobedience, unauthorised wide public disclosures, a breakdown in utilities such as electricity and fibre optic cabling and even pandemics. Events of that nature may cause one or more of those core technologies to become unavailable.

There are also internal and external factors that may adversely affect those systems and technologies such as natural disasters, misuse by employees or contractors or other technical issues. Veriluma's and its suppliers' disaster recovery plans may not adequately address every potential event and its insurance policies may not cover loss or damage that Veriluma suffers as a result of a system failure. Any damage to, or failure of, Veriluma's key systems can result in disruptions in Veriluma's ability to provide its products and services. Such disruptions have the potential to reduce Veriluma's ability to generate revenue, impact consumer service levels and damage the Veriluma brand. This could adversely affect Veriluma's ability to generate new business and cause it to suffer financial loss.

3.4 Economic and Financial Risks

3.4.1 Future Capital Requirements

Further funding may be required by the Company and Veriluma to support their ongoing activities and operations, including the need to develop new products, improve existing products, enhance its operating infrastructure and to acquire complementary businesses and technologies. Accordingly, the Company may need to engage in equity raisings or debt financings to secure additional funds. There can be no assurance that such funding will be available on satisfactory terms (or at all) at the relevant time. Any inability to obtain additional funding (or inability to obtain funding on reasonable terms) may adversely affect the financial condition and financial performance of the Company.

3.4.2 Currency risk

A proportion of Veriluma's future revenue and expenses may be denominated in US dollars and other currencies, whereas the Company reports and incurs a substantial portion of its costs in Australian dollars. The Company will therefore be subject to foreign currency fluctuations which may materially affect its financial position and operating results. For example, a depreciation of the US dollar relative to the Australian dollar may result in lower than anticipated revenue as a result of the translation of the US dollar revenue into Australian dollars. Conversely, an appreciation of the US dollar relative to the Australian dollar may result in lower than anticipated revenue as a result of the translation of the US dollar expenses into Australian dollars. Australian dollar denominated profits are also liable to be affected, for better or for worse, by movements in the Australian dollar to US dollar exchange rates.

3.4.3 Insurance coverage

Veriluma faces various risks in connection with its business and may lack adequate insurance coverage. For example, Veriluma does not currently maintain business interruption or third-party liability insurance. If the Company incurs substantial losses or liabilities and its insurance coverage is unavailable or inadequate to cover such losses or liabilities, its profitability will be adversely affected. The Company intends to better assess its insurances strategy once, and should, the acquisition be complete.

3.4.4 Potential acquisitions risk

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects although no such acquisitions or investments are currently planned. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions or investments.

3.4.5 Market conditions risk

Share market conditions may affect the buying and selling prices for of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of capital; and
- (f) terrorism, hostilities, and other civil disobedience.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology stocks in particular.

3.4.6 General economic and political risks

Changes in the general economic and political climate in Australia and on a global basis may adversely impact on economic growth, interest rates, the rate of inflation, taxation and tariff laws, domestic security which may affect the value and viability of any activities that may be conducted by the Company.

3.4.7 Regulatory risk

Changes in relevant Australian and foreign taxes, legal and administrative regimes, accounting practices, money remittance rules, free and fair trade treaty obligations as may be enacted into domestic and government tax policies may adversely affect the financial performance of the Company.

3.4.8 Possible changes in Australian Accounting Standards

Australian Accounting Standards are set by the AASB and are outside the control of the Company, its Directors, and its senior management. The AASB is due to introduce new or refined Australian Accounting Standards, expected to be in effect from 2018, which may affect future measurement and recognition of key statement of profit or loss and statement of financial position, including revenue and receivables. There is also a risk that interpretations of existing Australian Accounting Standards, including those relating to the measurement and recognition of key statement of profit or loss and statement of financial position, including revenue and receivables, may differ. Changes to Australian Accounting Standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial condition and financial performance reported in the Company's consolidated financial statements.

3.4.9 Highly speculative investment risk

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company, Veriluma or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially adversely affect the financial performance of the Company and Veriluma and the value of the Company's securities.

Therefore, the Shares to be issued by the Company carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that investment in the Company is highly speculative.

4. Summarised financial information

The summarised financial information contained in this Section 4 has not been reviewed by Pendragon Capital Limited in their role as Investigating Accountant and as such is not covered within its Investigating Accountant's Report included at Section 8.

The following historical information presented is in an abbreviated form and does not contain all of the presentation and disclosures that are usually contained in annual statutory financial statements prepared in accordance with the Corporations Act and Australian Accounting Standards, and should be read in conjunction with the notes from the financial statements from which it is extracted as described below.

A Historical and Pro Forma Historical Consolidated Statement of Financial Position as at 31 December 2015 for the Company is contained in Section 8.

4.1 The Company

This Section 4 contains the following information of the Company that the Directors consider relevant to investors:

- historical financial information of the Company derived from the audited annual financial statements of the Company for the years ended 30 June 2013 (**FY2013**), 30 June 2014 (**FY2014**) and 30 June 2015 (**FY2015**); and
- historical financial information of the Company derived from the reviewed interim financial statements for the half-year ended 31 December 2015 (**HY2016**).

Company Historical Financial Information	Audited FY2013 \$	Audited FY2014 \$	Audited FY2015 \$	Reviewed HY2016 \$
Profit and loss statement (extract)				
Interest revenue	21,808	8,788	7,818	1,406
Other Income – Foreign exchange gain	32,356	-	156,033	-
Total expenses	(443,492)	(542,191)	(981,074)	(1,401,339)
Loss before income tax	(389,328)	(533,403)	(817,223)	(1,399,933)
Income tax expense	-	-	-	-
Loss for the period from continued operations	(389,328)	(533,403)	(817,223)	(1,399,933)
Loss for the period from discontinued operations			(876,920)	-
Loss for the period	(389,328)	(533,403)	(1,694,143)	(1,399,933)
Balance Sheet (extract)				
Current assets	263,188	118,957	407,970	500,611
Non-current assets	1,649,248	2,595,079	1,877,262	828,674
Total assets	1,912,436	2,714,036	2,285,232	1,329,285
Current liabilities	89,932	123,117	158,088	132,772
Non-current liabilities	41,400	41,400	-	-
Total liabilities	131,332	164,517	158,088	132,772
Net assets	1,781,104	2,549,519	2,127,144	1,196,513

Company Historical Financial Information	Audited FY2013 \$	Audited FY2014 \$	Audited FY2015 \$	Reviewed HY2016 \$
Equity				
Issued capital	4,227,886	5,472,269	6,365,903	6,835,205
Options reserve	18,023	75,458	435,569	435,569
Accumulated losses	(2,464,805)	(2,998,208)	(4,674,328)	(6,074,261)
Total equity	1,781,104	2,549,519	2,127,144	1,196,513

The financial reports of the Company for the FY2013, FY2014 and FY2015 were audited by Grant Thornton Audit Pty Ltd in accordance with Australian Auditing Standards. Grant Thornton Audit Pty Ltd issued unmodified audit opinions, each containing an emphasis of matter paragraph relating to going concern, in respect to the financial statements for FY2013, FY2014, and FY2015. The interim financial statements for HY2016 were reviewed by Grant Thornton Audit Pty Ltd who issued an unmodified review conclusion with an emphasis of matter paragraph relating to going concern.

The audited financial statements (inclusive of significant account policies) of the Company for the FY2013, FY2014, FY2015 and HY2016 are available on the Company's website at www.parmeliareources.com/financialreports.html or (free of charge) by request to the Company on +61 (0)8 6141 3500.

4.2 Veriluma

Veriluma is an early-stage proof of concept business with a limited trading history. Since Veriluma acquired its technology in 2006, Veriluma's activities have primarily comprised the expenditure of money to further develop Veriluma's software and products and to commence initial commercialisation activities with the Department of Defence. Like many early-stage businesses, Veriluma has incurred losses since its inception. At the date of this Prospectus, Veriluma's revenues are nominal.

This Section 4 contains the following information of Veriluma that the Directors consider relevant to investors:

- historical financial information of Veriluma derived from its audited annual financial statements for the years ended 30 June 2013 (**FY2013**), 30 June 2014 (**FY2014**) and 30 June 2015 (**FY2015**) and audited interim financial statements for the half-year ended 31 December 2015 (**HY2016**).

Veriluma Historical Financial Information	Audited FY2013 \$	Audited FY2014 \$	Audited FY2015 \$	Audited HY2016 \$
Profit and loss statement (extract)				
Total revenue	294,012	88,899	74,744	6,236
Other income – Research and development rebates	260,391	212,284	164,803	-
Total expenses	(596,493)	(708,466)	(607,182)	(352,687)
Loss before income tax	(42,090)	(407,283)	(367,635)	(346,451)
Income tax expense	-	-	-	-
Debt Forgiveness	-	-	1,136,126	-
Loss for the period	(42,090)	(407,283)	768,491	(346,451)
Balance Sheet (extract)				
Current assets	288,802	232,240	176,206	105,511
Non-current assets	10,836	6,154	4,898	4,366
Total assets	299,638	238,394	181,104	109,877



Veriluma Historical Financial Information	Audited FY2013 \$	Audited FY2014 \$	Audited FY2015 \$	Audited HY2016 \$
Current liabilities	81,522	113,031	132,434	145,107
Current borrowings	1,441,561	1,756,091	910,907	750,449
Total liabilities	1,523,083	1,869,122	1,043,341	895,556
Net assets	(1,223,445)	(1,630,728)	(862,237)	(785,679)
Equity				
Issued capital	100	100	100	423,109
Accumulated losses	(1,223,545)	(1,630,828)	(862,337)	(1,208,788)
Total equity	(1,223,445)	(1,630,728)	(862,237)	(785,679)

The financials report of Veriluma for the FY2013, FY2014, FY2015, and HY2016 were audited by Dickfos Dunn Adam Pty Ltd (**Dickfos Dunn Adam**) in accordance with Australian Auditing Standards. Dickfos Dunn Adam issued the following audit opinions in respect to the financial statements:

- FY2013 – A qualified audit opinion was issued on the basis of insufficient supporting documentation to validate the opening balances as at 1 July 2012; insufficient supporting documentation to support the carrying value of the provision for annual leave as at 30 June 2013; and an emphasis of matter paragraph relating to going concern. Dickfos Dunn Adam also noted that the financial information for 30 June 2012 was unaudited, and the basis of accounting may not be suitable other than for fulfilling the directors' reporting requirements under the *Corporations Act*.
- FY2014 – A qualified audit opinion was issued on the basis of the FY2013 qualification. Dickfos Dunn Adam also included an emphasis of matter paragraph relating to going concern, and noted the basis of accounting may not be suitable other than for fulfilling the directors' reporting requirements under the *Corporations Act*.
- FY2015 and HY2016 – An unqualified audit option was issued for both periods by Dickfos Dunn Adam. Dickfos Dunn Adam included in both period's audit reports an emphasis of matter paragraph relating to going concern, and noted that the FY2013 and FY2014 audit reports had been qualified. It was also noted that the basis of accounting may not be suitable other than for fulfilling the directors' reporting requirements under the *Corporations Act*.

4.3 No material subsequent events since 31 December 2015

The Directors and Proposed Directors confirm that there have been no material subsequent events since 31 December 2015, outside of normal trading, affecting the financial information of the Company or Veriluma reported in this Prospectus.

The combined cash reserves of the Company and Veriluma as at 30 June 2016 were \$303,000.

5. Directors, management, and corporate governance

5.1 Board of Directors

As at the date of this Prospectus, the Board comprises:

- Nigel Gellard – Non-Executive Chairman;
- Peter Ellery – Non-Executive Director; and
- Jay Stephenson – Non-Executive Director.

In accordance with the terms of the Share Sale Agreement, and with effect from Completion, it is proposed that Mr Richard Anstey and Ms Elizabeth Whitelock will be appointed as Directors of the Company.

Mr Peter Ellery and Mr Jay Stephenson intend to resign following Completion of the Proposed Acquisition. Mr Nigel Gellard will step down as Non-Executive Chairman and will continue as a Non-Executive Director and Mr Richard Anstey will be appointed as the Non-Executive Chairman. Ms Whitelock will serve as Managing Director and as Chief Executive Officer. Mr Stephenson will remain as Company Secretary.

Summaries of the qualifications and experience of the Directors and Proposed Directors who will comprise the Board upon Completion are set out below.

- **Mr Richard Anstey** FAICD, FAIM
Proposed Non-Executive Chairman

Mr Anstey has more than 30 years' experience in the IT and telecommunications industries and in associated investment banking roles. Across this time, he has built and managed his own companies. The first, Tangent Group Pty Ltd, established a strong reputation for the development of software, software products and strategic management consultancy for the banking and finance sector.

After the sale of Tangent and a year as a partner with Grant Samuel Technology Capital, he co-founded InQbator in 2000, an early stage investment group focused upon the technology, telecommunications and life sciences sectors. InQbator is now called iQFunds and has managed Commonwealth Government backed seed funds for the past 15 years. It has invested in over 30 companies and manages the remaining portfolio of 8 active companies in Australia and the U.S.

Mr Anstey is an independent non-executive director of Technology One Limited (ASX 200: TNE) and has board roles with a number of his portfolio companies.

He is a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Management.

- **Ms Elizabeth Whitelock** LLB
Proposed Managing Director and Chief Executive Officer

Ms Whitelock is a co-founder of Veriluma Pty Ltd and is the company's CEO. Elizabeth started her career in the UK working for the Metropolitan Police Force and now has over 25 years' experience in Senior Management and CEO roles with IBM, Information Builders Inc. Alphablox, SAS, Ingres, Computer Associates and Rogen.

These roles have all shared a focus on Information Management Products and Services and have highlighted her strengths in strategic communications, sales, marketing and customer relations while also expanding partner programs and cementing customer relationships.

In this role, Ms Whitelock will focus on building recognition of the Veriluma brand, identifying and exploring new sales opportunities, managing the team, driving the sales pipeline and developing new go-to-market strategies such as various levels of channel partnerships.

■ **Mr Nigel Gellard**
Non- Executive Director

Mr Gellard has over 20 years' experience in the resources, agricultural and financial services/funds management sectors. He was co-founder and executive director of a privately owned boutique funds management firm. Prior to this he spent five years dealing in the equities markets, most notably with Patersons Securities Limited.

Before entering into the financial services and funds management industry, Mr Gellard was Commercial Adviser to the Director of Exploration for Rio Tinto Plc, based in London where he was responsible for advising on commercial matters relating to Rio Tinto's activities in Europe, Eastern Europe, South America, and Africa. He was also responsible for the negotiation of commercial agreements and risk management.

Mr Gellard was a director of public listed company General Gold Ltd (now Kairiki Energy Limited, ASX: KIK), and Strata Minerals Inc a Canadian TSXV listed mineral exploration company between 2010 and 2012. He is currently also a director of a number of private companies.

The profiles of Mr Jay Stephenson and Mr Peter Ellery who intend to retire as Directors following Completion are outlined below. Mr Stephenson will however remain with the Company as its Company Secretary.

■ **Mr Jay Stephenson** MBA, FCPA, CMA, FCIS, MAIC
Non-Executive Director and Company Secretary (to retire as a Director on Completion)

Mr Stephenson has been involved in business development for over 25 years, including approximately 21 years as Director, Chief Executive Officer, and Company Secretary of various listed and unlisted entities in resources, manufacturing, wine, hotels and property. He has been involved in business acquisitions, mergers, initial public offerings, capital raisings, and business restructuring, as well as managing all areas of finance for companies.

Mr Stephenson is currently Non-Executive Chairman of Yonder and Beyond Group Limited and Non-Executive Director of Condor Blanco Mines Limited, Doray Minerals NL, Drake Resources Limited, Hillcrest Litigation Services Limited, Nickelore Limited, and Strategic Minerals Corporation NL, and is company secretary of a number of ASX listed companies.

■ **Peter Ellery** AM, FPRIA
Non-Executive Director (to retire on Completion)

Mr Ellery has 40 years' experience in the Western Australian mining and petroleum industries. In 2006 he was appointed a Member of the Order of Australia in recognition of his services to the resource industry of Western Australia. He has served as Manager of Government and Public Affairs for Woodside Petroleum Ltd and CEO of the Chamber of Minerals and Energy of WA. Mr Ellery is a Fellow of the Public Relations Institute of Australia. He has been a pivotal figure in the formulation of company, industry, and Government policy to maximise economic benefits from the development of Western Australia's resource industries. Mr Ellery has also served as director of Canadian TSXV listed Strata Minerals Inc.

5.2 Advisory Committee

5.2.1 Background

Post-Completion, an advisory board committee (**Advisory Committee**) formed by Veriluma will continue to assist the Directors and Chief Executive Officer in formulating Veriluma's strategic direction. The Advisory Committee members are not officers, or related parties, of Veriluma or the Company but will continue to be used as a confidential and strategic sounding board to discuss and debate topics that are important in achieving strategic objectives, while being supportive in the management of identified risks.

Members of the Advisory Committee from time to time will, on a confidential basis, mentor and advise the Directors and management of the Company on topics of strategic importance to Veriluma, including maintaining a policy framework for and assisting with stakeholder communications. The Advisory Committee will be dedicated to fulfilling these duties in a professional manner, and with the utmost integrity and objectivity, and to abide by an agreed code of conduct to be implemented by Veriluma. As such, in advising Veriluma, the Advisory Committee is expected to pursue best practice governance processes and outcomes. Advisory Committee members are to be appointed and may be removed by the Board at its discretion.

The Advisory Committee will not assume the duties or responsibilities of the Board, which will remain at all times with the Directors. Apart from their role on the Advisory Committee, its members are not intended to become party to any material contracts with the Company or with Veriluma without following due process and full disclosure of such personal interests to the Directors in accordance with best practice governance processes. The Advisory Committee members hold minority shareholdings in Veriluma and currently do not formally charge fees for their services, however, it is expected that members of the Advisory Committee may from time to time charge consulting fees for their time in providing services to the Company provided that such fees are on commercial arm's length terms agreed in advance with the Company. Subject to any applicable regulatory approvals and the satisfactory performance of the Advisory Committee, the Company may also consider in the future issuing securities to members of the Advisory Committee to better align their interests with those of Veriluma and the Company.

Further details of the role of the Advisory Committee are summarised in the Advisory Committee Charter in Section 5.2.4.

5.2.2 Advisory Committee Members

■ Mr Richard Howard

With over 20 years' experience in financial services, including 16 years with J.P. Morgan in investment banking and fixed income in London, New York, Sydney and Melbourne and more recently as an investor and advisor to numerous emerging financial services companies, Mr Howard brings valuable international banking, advisory and capital markets experience to Veriluma.

Mr Howard is Director of Access 32 Investments and a member of the Australian Institute of Company Directors.

■ Mr Mark Carrick

Formerly the Commander of Counter Terrorism Intelligence NSW Police and an advisor to the Australian and NZ Governments, Mr Carrick is the founding director of Global Business Resilience (GBR), an independent, resilience building consultancy specialising in building organisational resilience by enabling effective strategic decisions on the allocation of resources. Mr Carrick has worked across a broad range of industries and achieved outstanding success with large government and NGO (non-governmental organisation) organisations.

Mr Carrick holds a Masters of Business Administration (MBA) from the University of Sydney and is a graduate member of the Australian Institute of Company Directors.

■ Mr Andy Hill

Originally a Rolls-Royce Manufacturing Systems Engineer, Mr Hill has spent the past 25 years founding and building Oniqua Intelligent MRO, a global inventory analytics software business serving many of the world's leading companies in the oil and gas, mining, and utilities industries, including ConocoPhillips, BP, BHP Billiton, Nebraska Public Power District, Rio Tinto, Newmont Mining, Xstrata and Freeport McMoRan. Oniqua was acquired by the ASCO Group in 2012. Mr Hill's experience across the full life cycle of a business, from start-up to exit, and expertise in analytics technology, enterprise sales and data management, provides Veriluma with valuable opportunities and perspective.

■ Mr Tim Molloy

Executive Director at Mainsheet Capital, Mr Molloy has seen a career spanning the corporate development of IT companies such as Solution 6, Exonet and MYOB. Mr Molloy's valuable experience comes from growing IT businesses with international experience in mergers and acquisitions, marketing and sales, strategy, and profitable revenue generation leading to wealth creation for members. A company director and a graduate member of the Australian Institute of Company Directors, Mr Molloy's strength is in developing IT companies and enhancing growth opportunities.

5.2.3 Personal interests of the Advisory Committee

At the date of this Prospectus, the Advisory Committee members have disclosed the following personal interests in relation to Veriluma:

- (a) Mr Carrick is the founder and shareholder of IBRMS Pty Ltd, trading as Global Business Resilience, which has entered into a worldwide non-exclusive licence agreement with Veriluma for the commercialisation of Veriluma's software within the national security agencies – details of which are further disclosed in Section 9.3.4.
- (b) Mr Andy Hill has an indirect interest in Oniqua, which has entered into a worldwide non-exclusive licence agreement with Veriluma for the commercialisation of Veriluma's software within the energy and resources sectors – details of which are further disclosed in Section 9.3.3; and
- (c) Mr Carrick, Mr Hill, and Mr Howard have minority shareholdings in Veriluma and will consequently hold Shares in the Company post-Completion, as follows:

Name of Veriluma Shareholder	Shares in Veriluma held immediately prior to Completion No.	Vendor Shares to be issued by the Company to the Veriluma Shareholders No.
A Hill	2,381	1,428,600
R Howard	1,191	714,600
M Carrick	476	285,600

As at the date of this Prospectus, none of the Advisory Committee members holds any interests in the Company.

5.2.4 Advisory Committee Charter

The Advisory Committee has been established pursuant to an Advisory Committee Charter to perform various advisory functions which can add value to the business of Veriluma.

The purpose of the Advisory Committee Charter is to outline the governance framework of the Advisory Committee and define the roles and responsibilities of the Advisory Committee. It provides that the overall role of the Advisory Committee is to provide advice and counsel to the Directors and the CEO in relation to the following:

- (a) strategy formation;
- (b) new business opportunities;
- (c) areas of growth;
- (d) networking focus areas;
- (e) business performance and monitoring;
- (f) compliance, risk management and policy framework;
- (g) strategic personnel decisions;
- (h) major functional decisions;
- (i) stakeholder communications.

Notwithstanding the above, it is expressly acknowledged that the purpose of the Advisory Committee is to provide advice and it is not intended that it will replace the functions or duties of the Directors or the CEO. The Directors and the CEO are under no obligation to follow the advice of the Advisory Committee.

The Advisory Committee is to be comprised of between 4 to 5 members with at least 3 to 4 independent members appointed by the Board and the CEO to ensure that outside views and experience are brought to business of Veriluma.

The Advisory Committee will be comprised of members who bring a balance of specific skills and expertise to add value to Veriluma.

Members of the Advisory Committee must act honestly, in good faith and in the best interests of Veriluma and not allow personal interests to conflict with those of Veriluma.

5.3 Key Personnel and consultants

■ Ms Elizabeth Whitelock – Managing Director and Chief Executive Officer

Ms Elizabeth Whitelock will be appointed Managing Director and Chief Executive Officer upon Completion. Her experience and qualifications are discussed above in Section 5.1.

In addition to the executive capacity of Ms Elizabeth Whitelock as Chief Executive Officer, the following people are employed or engaged by Veriluma to assist Ms Whitelock.

■ Mr Glen Toscan – Government Business and Relations Manager

Mr Toscan is a former RAAF Group Captain and defence and security industry executive who has consulted to the Australian Department of Defence since 2008 when he joined the global technology solutions and services firm CSC, based in their Canberra office. As CSC's Defence Client Manager, Mr Toscan was responsible for Intelligence Agencies, Defence and Air Services.

Mr Toscan's experience and government relations network bring considerable weight to Veriluma's strategy of developing strong partnerships within Australian Government departments and agencies. Mr Toscan has recently joined Veriluma, employed as its Government Business and Relations Manager with a focus on managing existing client and partner relationships; extending Veriluma's product offering within Defence; and building and maintaining a client base across federal agencies in Australia and overseas.

■ Mr Craig Aspinall – Chief Technology Officer (CTO)

Mr Aspinall has recently joined Veriluma as its CTO on a consultancy basis to assist with Veriluma's future product development. He has 18 years' experience in professional software engineering using various programming languages and paradigms, including Java, Ruby, C and Go, across industries as diverse as telecommunications, finance, security, multimedia and e-learning, as a software engineer, project manager and consultant; designing, developing and maintaining complex applications for both enterprise and government. In addition, Mr Aspinall has lead large and small teams and developed and delivered technical training, coaching and mentoring. He spent more than five years leading and managing software development teams, introducing a number of changes including iterative development, then continuous work-flow, a multi-platform, multi-product, multi-brand continuous delivery pipeline, advanced agile practices such as test driven development, whilst maintaining a strong focus on continuous improvement.

Mr Toscan and Mr Aspinall will not be responsible or have authority for planning, directing and controlling the activities of the Company or Veriluma which will be the responsibility of the Managing Director and CEO and the Board as key management personnel.

5.4 Interests and remuneration of Directors and Proposed Directors

5.4.1 Remuneration of Directors

The Company's Constitution provides that Directors are entitled to be remunerated for their services as described in Section 5.8.8.

The maximum aggregate annual remuneration which may be paid to the Non-Executive Directors approved by members in accordance with the Constitution is currently \$400,000 per annum. This amount is an aggregate and maximum amount that can be paid by the Company to all of the Non-Executive Directors without further member approval. The actual amounts paid individually to the Non-Executors within this aggregate threshold is determined by the Board. The Board has resolved that for the financial year ending 30 June 2017 the Directors' fees will be \$75,000 per annum for the Non-Executive Chairman and \$40,000 per annum for the other Non-Executive Directors (including statutory superannuation contributions).

In addition to Directors fees, one of the Directors, Mr Nigel Gellard, also receives remuneration for executive services provided to the Company from time to time pursuant to the Gellard Consultancy Agreement. Further details of the Gellard Consultancy Agreement are summarised in Section 5.5.2.

The annual total remuneration paid to the existing Directors for the financial years ended 30 June 2015 and 2016 is set out in the table below.

	Short-term benefits Salary, fees and leave	Other	Post- employment benefits Superannuation	Equity Share-based payments	Total
Current Directors	\$	\$	\$	\$	\$
Year Ended 30 June 2016					
N Gellard ⁽¹⁾⁽³⁾	30,000	189,794	2,850	-	222,644
P Ellery	3,600	-	-	-	3,600
J Stephenson ⁽²⁾	30,000	86,979	2,850	-	119,829
TOTAL	63,600	276,773	5,700	-	346,073
Year Ended 30 June 2015					
N Gellard ⁽¹⁾	30,000	132,480	2,850	87,863	253,193
P Ellery	3,600	-	-	12,552	16,152
J Stephenson ⁽²⁾	30,000	48,000	2,850	12,552	93,402
TOTAL	63,600	180,480	5,700	112,967	362,747

Notes:

⁽¹⁾ For Mr Gellard, *Other* relates to executive services provided to the Company under the Gellard Consultancy Agreement. Refer to Section 5.5.2.

⁽²⁾ For Mr Stephenson, *Other* relates to corporate secretarial and accounting services provided to the Company by Wolfstar Group Pty Ltd and Wolfstar Corporate Management Pty Ltd (related entities of Mr Stephenson). Refer to Section 5.5.4.

The remuneration proposed for each of the Directors and Proposed Directors for the financial year ended 30 June 2017 is set out in the table below.

	Short-term benefits Salary, fees and leave	Other	Post- employment benefits Superannuation	Equity Share-based payments	Total
Current Directors Proposed Directors	\$	\$	\$	\$	\$
N Gellard	38,082	40,000	3,618	Note (1)	81,699
P Ellery	690	-	-	32,267	32,957
J Stephenson	5,753	48,000	547	32,267	86,567
R Anstey ⁽²⁾	60,616	-	5,759	-	66,375
E Whitelock ⁽³⁾	202,055	-	19,195	-	221,250
TOTAL	307,196	88,000	29,119	64,533	488,848

Notes:

- (1) Mr Gellard has provided executive services to the Company in addition to his duties as a Director under the Gellard Consultancy Agreement. These executive services were provided to the Company on a consultancy basis between 1 August 2012 and 30 August 2013 and during this period the Company accrued fees owing to Mr Gellard. Mr Gellard and the Company agreed that in order to preserve the Company's working capital that the outstanding fees due to him would be settled by the issue of Shares in the Company. On 14 October 2015, Mr Gellard and the Company agreed to cap these outstanding fees owed to him at \$200,000, excluding GST, subject to the issues of Shares to him at a time and on terms acceptable to both the Company and Mr Gellard. These fees are costs of the 2013 financial year, and are thus not reflected in the proposed remuneration.
- (2) Subject to the Proposed Acquisition and Mr Anstey's appointment as a non-executive Director and Chairman of the Company, Mr Anstey will be paid an annual Director's fees of \$75,000. For the purposes of this table, the fees are assumed to be in effect from 8 September 2016 of the forecast year. The remuneration arrangements of Mr Anstey were negotiated on an arm's length basis with the existing Directors of the Company and the existing Directors consider the proposed remuneration arrangements to be reasonable.
- (3) Subject to the Proposed Acquisition and Ms Whitelock's appointment as Managing Director and Chief Executive Officer, from Completion Ms Whitelock will be paid an annual remuneration package of \$273,750 under the Executive Employment Contract. For the purposes of this table, the package is assumed to be in effect from 8 September 2016 of the forecast year. Refer to Section 5.5.3 of this Prospectus for further details. Ms Whitelock's Executive Employment was negotiated on an arm's length basis with the existing Directors of the Company and the existing Directors consider the proposed remuneration to be reasonable.

5.4.2 Directors' interests

Directors are not required under the Constitution to hold Securities in the Company.

Set out in the table below are the relevant interests in Securities held by the Directors at the date of this Prospectus and the anticipated relevant interests of the Directors and Proposed Directors in Securities on Completion:

Directors Proposed Directors	Current		On Completion		
	Shares	Options ⁽¹⁾	Shares	Options ⁽¹⁾	Performance Shares ⁽²⁾
N Gellard	1,544,444	6,222,219	7,258,730	6,222,219	-
J Stephenson	206,250	332,500	206,250	832,500	-
P Ellery	-	750,000	-	1,250,000	-
R Anstey	-	-	51,308,100	-	13,566,240
E Whitelock	-	-	45,156,000	-	12,041,600
Total	1,750,694	7,304,719	96,464,100	8,304,719	25,607,840

Notes:

- (1) **Options** - the terms and conditions of these Existing Options are set out in Section 10.3 and the terms and conditions of the New Options are set out in Section 10.4.
- (2) **Performance Shares** – the terms and conditions of these Performance Shares are set out in Section 10.2.
- (3) **Vendor Placements** – the Company will be issuing under the Vendor Placements referred to in Section 6.3.1 a total of 51,308,100 Shares and 13,566,240 Performance Shares to entities related to Mr Anstey and a total of 45,156,000 Shares and 12,041,600 Performance Shares to entities related to Ms Whitelock.
- (4) **Director Placements** – the Company proposes to issue 500,000 New Options to Mr Stephenson, 500,000 New Options to Mr Ellery and 5,714,286 Shares to Mr Gellard under this Prospectus as referred in Section 6.4.

5.5 Related party transactions

5.5.1 Related party transaction policy

The Company's policy in respect of related party transactions is as follows:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board;

- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter; and
- (c) related party transactions are subject to member approval where required by applicable laws.

The Company has or intends at Completion to enter into the related party transactions set out in the Sections below.

5.5.2 Consultancy Agreement with Mr Nigel Gellard

Pursuant to a Consultancy Agreement between the Company and Gellard Enterprises Pty Ltd (**the Contractor**) dated 18 December 2013 (**Gellard Consultancy Agreement**), the Company has engaged the Contractor to provide executive services, performed by Mr Gellard, to the Company. The Contractor is a related entity of Mr Nigel Gellard.

(a) Remuneration

As consideration for the Contractor's provision of Mr Gellard's executive services, the Company has agreed to pay the Contractor \$180.00 for each hour worked by Mr Gellard, to be paid to the Contractor monthly in arrears. The remuneration is reviewed by the Company annually, or at such other intervals or at such time as agreed between the parties.

(b) Expenses

In addition to paying remuneration, the Company will reimburse the Contractor for all reasonable out-of-pocket expenses necessarily incurred by the Contractor in its provision of Mr Gellard's executive services.

(c) Commencement and Termination

The Gellard Consultancy Agreement commenced on 1 September 2013 and will conclude on earlier of termination of the agreement or 1 September 2016. The Company may terminate the agreement without cause upon written notice, or immediately if the Contractor or Mr Gellard are in material breach of the agreement.

5.5.3 Executive Services Agreement with Proposed Director Ms Elizabeth Whitelock

On Completion, Ms Elizabeth Whitelock will enter into an executive employment contract (**Executive Employment Contract**) with the Company and will be employed, with effect from Completion, as the Company's Managing Director and Chief Executive Officer.

Under the Executive Employment Contract, Ms Whitelock will be employed by the Company on the following terms:

- (a) a salary of \$273,750, inclusive of superannuation and other statutory entitlements, to be reviewed after 12 months;
- (b) a notice period of six months after the first anniversary of employment whereby either the Company or Ms Whitelock may terminate the employment without cause with six months prior notice;
- (c) four weeks' paid annual leave each year and ten days' paid personal leave per year;
- (d) all intellectual property developed by Ms Whitelock during her employment will belong to the Company; and
- (e) a 12 month non-compete throughout Australia restricting Ms Whitelock from providing services to a direct competitor of the Company, or soliciting or enticing away customers or employees of the Company, during which period of restraint Ms Whitelock will be paid her usual remuneration.

5.5.4 Agreement for corporate secretarial and accounting services.

On 31 March 2010, the Company has entered into agreements with Wolfstar Group Pty Ltd and Wolfstar Corporate Management Pty Ltd (**Wolfstar Group**) for the provision of company secretarial and accounting services. These entities comprising the Wolfstar Group are related entities of Mr Jay Stephenson who is a Director and Company Secretary of the Company.

In consideration for Company Secretary and Financial Reporting services provided, Wolfstar is entitled to a fee of \$4,000 per month. The Company will reimburse Wolfstar for all reasonable out-of-pocket expenses incurred including, but not limited to: photocopying; facsimile; long-distance telephone charges; delivery services; and travelling expenditure which may be required. This service agreement may be terminated at any time by either party giving one month's written notice to the other party.

The Directors who did not have a material personal interest in this agreement considered that it was reasonable and negotiated at arm's length.

5.5.5 Indemnity, insurance and access deeds

The Company has entered into deeds of indemnity, access and insurance with each Director. These deeds grant the director access to Board papers and provide a full indemnity from the Company (to the extent permitted by the Corporations Act) against any liability incurred as an officer of the Company or a subsidiary of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant officer.

The Company will enter into similar deeds with the Proposed Directors prior to their respective appointments as Directors upon Completion.

5.6 Legal or disciplinary action

No Director (or any company that the Director was a director of at the relevant time) has, in the ten year period ending on the date of this Prospectus, had any legal or disciplinary action against the Director that is relevant to the Director's role in the Company and a potential investor's decision to apply for Shares.

As at the date of this Prospectus, the Directors are not aware of any legal or disciplinary proceedings which have been threatened or actually commenced against the Company, Veriluma or any Director or Proposed Director.

5.7 Insolvent companies

No Director or Proposed Director has been an officer of a company or entity that entered into a form of external administration because of insolvency while the Director or Proposed Director was an officer of the company or entity or within 12 months of the Director or Proposed Director ceasing to be an officer of the company or entity.

5.8 Corporate governance

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

The Board will be responsible for the corporate governance of the Company including its strategic development. The format of this Section 5.8 is guided by the Recommendations. The Company's corporate governance principles and policies are therefore structured as follows:

Principle 1	<i>Lay solid foundations for management and oversight</i>
Principle 2	<i>Structure the Board to add value</i>
Principle 3	<i>Act ethically and responsibly</i>
Principle 4	<i>Safeguard integrity in corporate reporting</i>
Principle 5	<i>Make timely and balanced disclosure</i>
Principle 6	<i>Respect the rights of security holders</i>
Principle 7	<i>Recognise and manage risk</i>
Principle 8	<i>Remunerate fairly and responsibly</i>

In light of the Company's size and nature, the Board considers that its proposed composition as discussed in Section 5.1 is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website (www.parmeliareources.com.au).

5.8.1 Board charter and code of conduct

The Board will be accountable to the Shareholders for the performance of the Company and will have overall responsibility for its operations. Day-to-day management of the Company's affairs is delegated to the Chief Executive Officer, and the implementation of the corporate strategy and policy initiatives, is managed by the Directors of the Company. Post-Completion, these responsibilities will remain unchanged.

In carrying out the responsibilities and powers set out in its Charter, the Board:

- (a) recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of its shareholders; and
- (b) recognises its duties and responsibilities to its employees, customers, and the community.

In addition to matters it is expressly required by law to approve, the Board has the following specific responsibilities:

- (a) appointment of the Chief Executive Officer and other senior executives and the determination of their terms and conditions including remuneration and termination;
- (b) driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- (c) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- (d) approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- (e) approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
- (f) approving the annual, half-yearly and quarterly accounts;
- (g) approving significant changes to the organisational structure;
- (h) approving the issue of any shares, options, equity instruments or other securities in the Company;
- (i) ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision-making;
- (j) recommending to Shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them; and
- (k) meeting with the external auditor, at their request, without management being present.

For the purposes of the proper performance of their duties, the Directors are entitled to seek independent professional advice at the Company's expense, unless the Board determines otherwise. The Board schedules meetings on a regular basis and other meetings as and when required.

Post-Completion, the Company does not expect any material changes to the above disclosed Board responsibilities.

5.8.2 Size and composition of the board

The Directors consider the size and composition of the Board proposed in Section 5.1 is appropriate given the size and status of the Company. However, the composition of the Board is subject to review in a number of ways, as follows:

- The number of Directors must not be less than three nor more than ten and, subject to the Corporations Act, the Company may, by ordinary resolution, increase or reduce the number of Directors and may also determine in what rotation the increased or reduced number is to go out of office.
- The Constitution provides that at every annual general meeting (**AGM**), one-third of the Directors (excluding the Managing Director) must retire from office but may stand for re-election. Additionally, with the exception of a Managing Director, no Director may retain office for more than three years, or until the third annual general meeting following his or her appointment, whichever is the longer without submitting himself or herself for re-election even though the submission results in more than one third of the directors retiring from office.
- The composition of the Board is to be reviewed regularly to ensure the appropriate mix of qualifications, experience and expertise which will assist the Board in fulfilling its responsibilities, as well as assisting the Company in achieving growth and delivering value to Shareholders. In appointing new members to the Board, consideration is given to the ability of the appointee to contribute to the ongoing effectiveness of the Board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company.
- Currently and post Completion, the majority of the Board is and will be comprised of non-executive Directors. Where practical, at least 50% of the Board will be independent.
- Prior to the Board proposing re-election of non-executive Directors, their performance will be evaluated by a Nomination Committee to ensure that they continue to contribute effectively to the Board.
- The Board should comprise Directors with a mix of qualifications, experience and expertise which will assist the Board in fulfilling its responsibilities, as well as assisting the Company in achieving growth and delivering value to shareholders.
- Once it has been agreed that a new director is to be appointed, a search will be undertaken, sometimes using the services of external consultants. Nominations would then be received and reviewed by the Board.

Any expected changes to the above can be found in Section 5.8.10 of this Prospectus. Post-Completion, the Board will be comprised of one executive Director and two non-executive Directors (one being the Chairman). At the date of this Prospectus, the Company considers the size and composition of the proposed Board to be appropriate given the size and status of the Company, but will seek to identify new candidates with the necessary skills, experience and independence to complement the Board as the Company progresses its business objectives.

5.8.3 Ethics and independence

The Board recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity. The Company intends to maintain a reputation for integrity. The Company's officers and employees are required to act in accordance with the law and with the highest ethical standards.

The Board is conscious of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the Board. Those Directors who have interests in specific transactions or potential transactions do not receive Board papers related to those transactions or potential transactions, do not participate in any part of a Directors' meeting which considers those transactions or potential transactions, are not involved in the decision-making process in respect of those transactions or potential transactions, and are asked not to discuss those transactions or potential transactions with other Directors.

Corporate Governance Council Recommendation 2.4 requires a majority of the Board to be independent directors. In addition, Recommendation 2.1 requires the chairperson of the Company to be independent. The Corporate Governance Council defines independence as being free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of unfettered and independent judgement.

The Board will assess the independence of the Directors regularly in light of the interests disclosed by them. Directors are expected to bring their independent views and judgement to the Board and must declare immediately to the Board any potential or active conflicts of interest. Directors must declare immediately to the Board, and the Board will determine whether to declare to the market, any loss of independence.

5.8.4 Board committees

It is the role of the Board to oversee the management of the Company and it may establish appropriate committees (**Committees**) to assist in this role. The composition of the Committees shall be as follows:

- members of Committees are appointed by the Board. The Board may appoint additional Directors to Committees or remove and replace members of Committees by resolution;
- the charter of the Committees is approved by the Board and reviewed following any applicable regulatory changes; and
- each Committee will maintain minutes of each meeting of the Committee, to be provided to the Board at the next occasion the Board meets following approval of the minutes of such Committee meetings.

At the present time, the Board has taken on the role of all Committees, due of the size of the Company and the involvement of the Board in the operations of the Company. Accordingly, the duties of the Committees below are currently undertaken by the full Board:

- Audit and Risk Committee;
- Remuneration Committee; and
- Nomination Committee.

The Board takes ultimate responsibility for the operations of the Company including remuneration of Directors and executives and nominations to the Board.

Post-Completion, expected changes to the above and the following can be found in Section 5.8.10 of this Prospectus.

(a) Audit and Risk Committee

The role of the Audit and Risk Committee is monitoring and reviewing any matters of significance affecting financial reporting and compliance. As noted above, the Company has not established a separate Audit and Risk Committee because the Board undertakes the functions of this Committee. The Board has however adopted a separate Audit and Risk Committee charter which defines the Audit and Risk Committee's functions, composition, mode of operation, authority and responsibilities.

The charter provides the following for this Committee:

- the Committee must comprise at least three members.
- at least two members of the Committee must be non-executive Directors.
- a majority of the members of the Committee must be independent non-executive Directors.
- the Board will appoint members of the Committee. The Board may remove and replace members of the Committee by resolution.
- all members of the Committee must be able to read and understand financial statements.
- the Chairman of the Committee may not be the Chairman of the Board of Directors and must be independent.

- the Chairman shall have leadership experience and a strong finance, accounting or business background.
- the external auditors, the other Directors, the Managing Director, Chief Financial Officer, Company Secretary and other senior executives, may be invited to Committee meetings at the discretion of the Committee.

The primary purpose of the Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:

- the quality and integrity of the Company's financial statements, accounting policies and financial reporting and disclosure practices;
- compliance with all applicable laws, regulations and company policy;
- the effectiveness and adequacy of internal control processes;
- the performance of the Company's external auditors and their appointment and removal;
- the independence of the external auditor and the rotation of the lead engagement partner;
- the identification and management of business, economic, environmental, and social sustainability risks; and
- the review of the Company's risk management framework at least annually to satisfy itself that it continues to be sound.

The Company Secretary, Jay Stephenson (acting in the capacity as an acting Chief Financial Officer), currently provides accounting and financial support to the Company. The Company Secretary will be required to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. Included in this statement will be confirmation that the Company's risk management and internal controls are operating efficiently and effectively.

(b) Remuneration Committee

The Company has not established a separate Remuneration Committee because the Board undertakes the functions of this Committee. However, the Board has adopted a separate charter for a Remuneration Committee which defines the primary purpose of this Committee as being to support and advise the Board in fulfilling its responsibilities by:

- reviewing and approving the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders;
- ensuring that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration;
- recommending to the Board the remuneration of executive Directors;
- fairly and responsibly rewarding executives having regard to the performance of the Company, the performance of the executive and the prevailing remuneration expectations in the market;
- reviewing the Company's recruitment, retention and termination policies and procedures for senior management;
- reviewing and approving the remuneration of Directors, reporting to Managing Director, and as appropriate other senior executives; and
- reviewing and approving any equity based plans and other incentive schemes.

The Committee shall have the right to seek any information it considers necessary to fulfil its duties, which includes the right to obtain appropriate external advice at the Company's expense.

The composition of the Committee shall be as follows:

- the Committee shall comprise at least three Directors;

- the Committee will be chaired by an independent Director who will be appointed by the Board;
- the Board may appoint such additional non-executive Directors to the Committee or remove and replace members of the Committee by resolution; and
- a quorum will comprise any two independent non-executive Director Committee members. In the absence of the Committee Chairman or appointed delegate, the members shall elect one of their number as Chairman for that meeting.

(c) Nomination Committee

The Company has not established a separate Nomination Committee because the Board undertakes the functions of this Committee.

The primary purpose of the Committee is to support and advise the Board in:

- maintaining a Board that has an appropriate mix of skills and experience to be an effective decision-making body; and
- ensuring that the Board is comprised of Directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance.

The composition of the Committee shall be as follows:

- the Committee shall comprise at least two non-executive Directors, the majority of whom must be independent, one of whom will be appointed the Committee Chairman; and
- the Board may appoint additional non-executive Directors to the Committee or remove and replace members of the Committee by resolution.

5.8.5 Continuous disclosure

As the Company is admitted to the Official List, the Company is a "disclosing entity" (as defined in Section 111AC 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 value of the Company's securities.

Price sensitive information is publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to the ASX. In addition, the Company posts this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

5.8.6 Shareholder participation and communication

The Board aims to ensure that Shareholders are informed of all major developments affecting the Company's state of affairs to assess the performance of the Company and its Directors and to make well-informed investment decisions. Information is communicated to Shareholders through:

- the annual report delivered by post and which is also placed on the Company's website, as well as the half-yearly report and, where applicable, quarterly reports, which are placed on the Company's website;
- disclosures and announcements made to the ASX, copies of which are placed on the Company's website;
- notices and explanatory memoranda of annual general meetings and general meetings, copies of which are placed on the Company's website;
- the Chairman's address and the Managing Director's address made at the Companies general meetings, copies of which are placed on the Company's website;
- the Company's website, www.parmeliaresources.com, on which the Company posts all announcements which it makes to the ASX; and

- the auditor's lead engagement partner being present at the AGM to answer questions from Shareholders about the conduct of the audit and the preparation and content of the auditor's report.

Post-Completion, the Company does not expect any material changes to the above disclosure of information to Shareholders.

5.8.7 Identification and management of business risk

The Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal controls.

This includes:

- overseeing the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements;
- assisting management to determine the key risks to the businesses and prioritise work to manage those risks; and
- reviewing reports by management on the efficiency and effectiveness of risk management.

The Company's process of risk management and internal compliance and control includes:

- identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls.

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to assess risk management and associated internal compliance and control procedures and report back quarterly to the Board.

The Board will review assessments of the effectiveness of risk management and internal compliance and control on an annual basis.

5.8.8 Remuneration

The remuneration of the Managing Director will be in accordance with 5.5.3. Remuneration of the Managing Director will be decided by the Board without the Managing Director participating in that decision making process.

The Non-Executive Directors are entitled to be remunerated for their services as follows:

- The Directors shall be paid out of the funds of the Company, by way of remuneration for their services as Directors, a sum not exceeding such aggregate fixed sum per annum as determined by members of the Company, to be divided among themselves and in default of agreement then in equal shares.
- The aggregate fixed sum for remuneration of the Non-Executive Directors shall not be increased except pursuant to a resolution passed by members at a general meeting of the Company where notice of the suggested increase shall have been given to members in the notice convening the meeting.
- No non-executive Director shall be paid as the whole or part of his remuneration a commission on or a percentage of profits or a commission on or a percentage of operating revenue, and no Executive Director shall be paid as the whole or part of his remuneration a commission on or percentage of operating revenue.
- The remuneration of a Director shall be deemed to accrue from day to day.

- The Directors may also be paid all travelling and other expenses properly incurred by them in attending, participating in and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the business of the Company.

The maximum aggregate fixed sum for annual remuneration which may be paid to Non-Executive Directors is \$400,000.

The Company is required to disclose in its annual report details of remuneration to Directors. Further details of the basis and quantum of Directors' remuneration is set out in Section 5.4 of this Prospectus.

Post-Completion, the Company does not expect any material changes to the above disclosed remuneration policies.

5.8.9 Securities trading disclosure

The Company has a formal policy on the sale and purchase of securities in the Company by its key management personnel (**KMP**) (being those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity).

KMP are encouraged to be long-term holders of the Company's securities. However, KMP must not, except in exceptional circumstances, deal in securities of the Company in the seven days prior to, and two days after, the release of the Company's:

- annual financial report;
 - consolidated interim financial report; and
 - quarterly reports,
- (together the **Block-Out Period**).

KMP should never engage in short-term trading of the Company's securities except for the exercise of options where the Shares will be sold shortly thereafter.

Any KMP wishing to buy, sell or exercise rights in relation to the Company's securities must obtain the prior written approval of the Chairman or the Board before doing so. If the Chairman wishes to buy, sell or exercise rights in relation to the Company's securities, the Chairman must obtain the prior approval of the Board before doing so.

Any KMP wishing to buy, sell, or exercise rights in relation to the Company's securities must also obtain the prior written approval of the Managing Director before doing so.

In accordance with the provisions of the Corporations Act and the Listing Rules and Corporate Governance Plan the Company will notify the ASX within five business days after any dealing in securities of the Company (either personally or through an associate) which results in a change in the relevant interests of a Director in the securities of the Company. The Company has made arrangements with each Director to ensure that the Director promptly discloses to the Company Secretary all the information required by the ASX.

Subsequent to the acquisition of Veriluma, the Company does not expect any material changes to the above disclosed policy.

5.8.10 Departures from recommendations

Upon re-admission to the Official List of the ASX, the Company will be required to report any departures from the Recommendations in its annual financial report. The Company's compliance and departures from the Recommendations as at the date of this Prospectus are set out below.

Principles and Recommendations

1. Lay solid foundations for management and oversight

1.1 A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities reserved for the Board. The Board Charter sets out the specific responsibilities of the Board, requirements as to the Boards composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors access to Company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy. The Board will be accountable to the Shareholders for the performance of the Company and will have overall responsibility for its operations. The Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Chief Executive Officer/Managing Director. <i>The Company currently complies with this Recommendation. Post Completion does not expect any changes to the above policies.</i>
1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	The Company has detailed guidelines for the appointment and selection of the Board. The Company's Corporate Governance Plan requires the Board to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director. Material information relevant to any decision on whether or not to elect or re-elect a Director will be provided to security holders in the notice of meeting holding the resolution to elect or re-elect the Director. <i>The Company currently complies with this Recommendation. Post-Completion, the Company does not expect any changes to the above policies.</i>
1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	The Company's Corporate Governance Plan requires the Board to ensure that on appointment each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment. <i>The Company currently complies with this Recommendation. Post Completion, the Company does not expect any changes to the above policies.</i>
1.4 The company secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.	The Company's Corporate Governance Plan includes a Board Charter, which discloses the following specific role and responsibilities of the Company secretary. (a) When requested by the Board, the Company Secretary will facilitate the flow of information of the Board, between the Board and its Committee and between senior executives and non-executive Directors. (b) The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. (c) The Company Secretary is to facilitate the induction of new Directors and the implementation of Board policies and procedures. (d) The Company Secretary is to facilitate and monitor the implementation of Board policies and procedures. (e) The Company Secretary is to provide advice to the Board on corporate governance matters, the application of the Company's Constitution, the ASX Listing Rules and applicable other laws. (f) All Directors have access to the advice and services provided by the Company Secretary. (g) The Board has the responsibility for the appointment and removal of the Company Secretary. <i>The Company currently complies with this Recommendation. Post-Completion, Mr Stephenson will retain the role of Company Secretary of the Company. The Company does not expect any changes to the above policies post Completion.</i>

Principles and Recommendations

1.5 A listed entity should:

- (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
- (b) disclose that policy or a summary of it; and
- (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:
 - (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
 - (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

The Company has adopted a Diversity Policy as contained in the existing Corporate Governance Plan. The Diversity Policy provides a framework for the Company to achieve:

- (a) a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- (b) a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
- (c) improved employment and career development opportunities for women;
- (d) a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
- (e) awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.

The Diversity Policy does not impose on the Company, its directors, officers, agents or employee any obligation to engage in, or justification for engaging in, any conduct which is illegal or contrary to any anti-discrimination or equal employment opportunity legislation or laws in any State or Territory of Australia or of any foreign jurisdiction.

The Chairman will monitor the scope and currency of this policy.

The Company is responsible for implementing, monitoring and reporting on measurable objectives of the Diversity Policy.

The Diversity Policy provides that measurable objectives as set by the Board will be included in the annual key performance indicators for the Chief Executive Officer/Managing Director and senior executives.

In addition, the Board will review progress against the measurable objectives as a key performance indicator in its annual performance assessment.

The Company partially complies with this Recommendation. The Board has established and disclosed its Diversity Policy. However, the Board considers due to the size of the Company that setting measurable diversity objectives is not appropriate. The Company currently has no employees and utilises external consultants and contractors as and when required.

The Board will review this position on an annual basis and will implement measurable objectives as and when they deem the Company to require them.

There are no women employees in the whole organisation or in senior executive positions. Given the present size of the Company, there are no plans to establish measurable objectives for achieving gender diversity at this time. The need for establishing and assessing measurable objectives for achieving gender diversity will be re-assessed as the size of the Company increases.

The Company is dedicated to promoting a corporate culture that embraces diversity. The Company believes that diversity begins with the recruitment and selection practices of its Board and its staff. Hiring of new employees and promotion of current employees are made on the bases of performance, ability and attitude.

Post Completion, the Company will disclose in its annual report each year the proportion of male and female employees in the Company at senior level and board level. The Company will also set and report against a measurable objective of having at least two women in management positions, including the role of Managing Director and Chief Executive Officer.

1.6 A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Board is responsible for evaluating the performance of the Board and individual Directors on an annual basis. It may do so with the aid of an independent advisor, in accordance with the Company's Corporate Governance Plan.

The Company's Corporate Governance Plan requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period.

The review will assist to indicate if the Board's performance is appropriate and efficient with respect to the Board Charter.

The Board regularly reviews its skill base and whether it remains appropriate for the Company's operational, legal and financial requirements. New Directors are obliged to participate in the Company's induction process, which provides a comprehensive understanding of the Company, its objectives and the market in which the Company operates.

Directors are encouraged to avail themselves of resources required to fulfil the performance of their duties.

The Company partially complies with this Recommendation. Due to the size of the Board and the nature of the Company's business, it has not been deemed necessary to institute a formal documented performance review program. However, the Chairman intends to conduct formal reviews each financial year whereby the performance of the Board as a whole and the individual contributions of each Director are disclosed. The Board considers that at this stage of the Company's development an informal process is appropriate.

Post-Completion, the Company does not expect any changes to the above policies.

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1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	The Board is responsible for evaluating the performance of senior executives. The Board is to arrange an annual performance evaluation of the senior executives. The Company's Corporate Governance Plan requires the Board to conduct annual performance of the senior executives. Schedule 6 of the Corporate Governance Plan, "Performance Evaluation" requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period. <i>The Company partially complies with this Recommendation. During the financial year an evaluation of performance of the individuals was not formally carried out. However, a general review of the individuals occurs on an on-going basis to ensure that structures suitable to the Company's status as a listed entity are in place.</i> <i>Post-Completion, the Company does not expect any changes to the above policies.</i>
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2. Structure the board to add value

2.1 The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively	<i>The Company does not comply with this Recommendation. Due to the size and nature of the existing Board and the magnitude of the Company's operations, the Company currently has no Nomination Committee.</i> Pursuant to clause 4(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Nomination Committee under the written terms of reference for that Committee. The duties of the Nomination Committee are outlined in Schedule 5 of the Company's Corporate Governance Plan available online on the Company's website. The Board devotes time at Board meetings to discuss Board succession issues. All members of the Board are involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules . The Board regularly updates the Company's Board skills matrix (in accordance with recommendation 2.2) to assess the appropriate balance of skills, experience, independence and knowledge of the entity. <i>Post-Completion, the Company does not expect any changes to the above policies.</i>
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2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The Company complies with this Recommendation. The skills matrix of the current Board and proposed Board on Completion is as follows:

Board Skills Matrix	Number of Directors that Meet the Skill	
	Pre-Acquisition	Post-Acquisition
Executive and Non- Executive experience	3	3
Industry experience and knowledge	2	2
Leadership	3	3
Corporate governance & risk management	3	3
Strategic thinking	3	3
Desired behavioural competencies	3	3
Geographic experience	2	3
Capital Markets experience	2	2
Subject matter expertise:		
- accounting	2	2
- capital management	2	2
- corporate financing	3	2
- industry taxation ⁽¹⁾	0	0
- risk management	3	3
- legal	3	3
- IT expertise ⁽²⁾	0	2

⁽¹⁾ Skill gap noticed however an external taxation firm is employed to maintain taxation requirements.

⁽²⁾ Skill gap noticed however an external IT firm is employed on an ad-hoc basis to maintain IT requirements.

The Board considers that the proposed mix of skills and experience of members of the Board at Completion will be appropriate to meet the requirements of the Company.

Principles and Recommendations

2.3 A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in the Box 2.3 of the Recommendations but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	<i>The Company complies with this Recommendation.</i> The Board Charter provides for the disclosure of the names of Directors considered by the Board to be independent. These details are provided in the Annual Reports and Company website. The Board Charter requires Directors to disclose their interest, positions, associations and relationships and requires that the independence of Directors is regularly assessed by the Board in light of the interests disclosed by Directors. Details of the Directors interests, positions associations and relationships are provided in the Annual Reports and Company website. The Board Charter provides for the determination of the Directors' terms and requires the length of service of each Director to be disclosed. The length of service of each Director is provided in the Annual Reports and Company website. <i>At the date of this Prospectus, there are two independent Directors being Mr Jay Stephenson and Mr Peter Ellery.</i> <i>At Completion, upon the resignation of Mr Stephenson and Mr Ellery as Directors, the Company will have one independent Director. The Proposed Directors, being Richard Anstey and Ms Elizabeth are not considered to be independent as post Completion they will each hold relevant interests in the Company of more than 5% of the Shares in the Company and Ms Elizabeth Whitelock will be appointed Managing Director and Chief Executive Officer. While Mr Gellard has been employed as the Company Executive Chairman, post Completion he is considered to be independent as he will become a non-executive Director and will hold less than 5% of the Shares in the Company.</i> <i>Post Completion, the Company does not expect any changes to the above policies. The size and scope of the Company's activities will not justify the cost of appointing any more independent Directors at this stage of the Company's development.</i>
2.4 A majority of the board of a listed entity should be independent directors.	The Corporate Governance Plan requires the majority of the Board is comprised of non-executive Directors, and where practical, at least 50% of the Board will be independent. Currently, a majority of Directors are independent. <i>The Company does not comply with this Recommendation. Post-Completion, the majority of the Board will not be independent Directors. The Company will have one executive Director (being the Managing Director and Chief Executive Officer) and two non-executive Directors, being Mr Richard Anstey (Chairman) and Mr Nigel Gellard. Due to the Chairman holding a substantial holding in the Company, he does not satisfy the criteria of independence set by the Recommendations and is not considered to be independent. However, the Company is still not of the size to feasibly have a board of a majority of independent directors. The Board will continue to review this requirement, and consider whether to appoint additional independent Directors as the need arises.</i>
2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	The Corporate Governance Plan indicates that the Chairman should be a non-executive Director. If a Chairman ceases to be an independent Director, then the Board will consider appointing a lead independent Director. The Company's Corporate Governance Plan states the Chief Executive Officer should not be the Chairman of the Company during her term as Chief Executive Officer or in the future. As at the date of this Prospectus, the Company has no Managing Director and the Chairman is non-executive and independent. <i>The Company does not comply with this Recommendation. Post-Completion, Mr Richard Astley will take on the role of Chairman of the Company – however he will not be an independent Director. Mr Nigel Gellard will step down as Executive Chairman and remain as a Non-Executive Director. Ms Elizabeth Whitelock will be appointed as the Managing Director and Chief Executive Officer.</i> <i>The Board considers that the proposed structure and composition of the Board is appropriate in the context of the Proposed Acquisition and its change in activities. Mr Anstey as Chairman possesses the necessary skills and experience suitable for directing and growing the Company. Furthermore, the Board considers that in the current phase of its operations, Shareholders are better served by Directors who have a vested interest in the Company. The Board intends to reconsider its composition as the Company's new operations evolve and may appoint additional independent Directors as it deems appropriate.</i>
2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	<i>The Company complies with this Recommendation. Refer to item 1.4 above.</i>
3. Promote ethical and responsible decision-making	
3.1 A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	The Company's Corporate Governance Plan includes a Corporate Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment. <i>The Company complies with this Recommendation. Post-Completion, the Company does not expect any changes to the above policies.</i>

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4. Safeguard integrity in corporate reporting

4.1 The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Due to the size and nature of the existing Board and the magnitude of the Company's operations, the Company currently has no Audit and Risk Committee. Pursuant to Clause 4(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Audit and Risk Committee under the written terms of reference for that committee. The role and responsibilities of the Audit and Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website. The Board devotes time at Board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's arrangements with external auditors. The Company does not currently have a formal internal audit function however the Board oversee the effectiveness of risk management and internal control. All members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting. <i>The Company does not comply with this Recommendation. Post-Completion, the role of the Audit and Risk Committee will continue to be assumed by the full Board. The size and scope of the Company's activities does not justify the establishment of such a Committee. However, as required by the Company's on ongoing activities, the Board will over time consider a more formal structure to more rigorously apply recommendations under this principle.</i>
4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	The Company's Corporate Governance Plan states that a duty and responsibility of the Board is to ensure that before approving the entity's financial statements for a financial period, the CEO and CFO have declared that in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. <i>The Company complies with this Recommendation. Post-Completion, the Company does not expect any changes to the above policies, other than Ms Elizabeth Whitelock taking on the role of Chief Executive Officer.</i>
4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	The auditor's representative is present at the AGM to answer questions from Shareholders about the conduct of the audit and preparation and content of the auditor's report. <i>The Company complies with this Recommendation. Post-Completion, the Company does not expect any changes to the above policies.</i>

5. Make timely and balanced disclosure

5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	The Company must comply with continuous disclosure requirements arising from legislation and the Listing Rules of the ASX, to maintain an informed market with respect to its securities. Once the Company becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the Company's securities, the Company must immediately disclose that information to the ASX. The Company has in place a written policy on information disclosure and relevant procedures. The focus of these procedures is on continuous disclosure compliance and improving access to information for investors. The Company Secretary has been appointed as the person responsible for communication with the ASX. The Company Secretary is responsible for: (a) overseeing and co-ordinating disclosure of information to the relevant stock exchanges and Shareholders; and (b) providing guidance to Directors and employees on disclosure requirements and procedures. Price sensitive information is publicly released through the ASX. Distribution of other information to Shareholders and market participants is also managed through disclosure to the ASX. Information will be posted on the Company's website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience. <i>The Company does not comply with this Recommendation. Post-Completion, the Company does not expect any changes to the above policies.</i>
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Principles and Recommendations

6. Respect the rights of security holders

6.1 A listed entity should provide information about itself and its governance to investors via its website.	Information about the Company and its governance is available in the Corporate Governance Plan, which includes a continuous disclosure program, is posted on the Company's website at: http://www.parmeliareources.com/corporategovernance.html <i>The Company complies with this Recommendation.</i>
6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Board of the Company aims to ensure that the Shareholders are informed of all major developments affecting the Company's state of affairs. The Company's Corporate Governance Plan includes a Shareholders communication strategy, which aims to ensure that the Shareholders are informed of all major developments affecting the Company's state of affairs. The Company is committed to keeping shareholders fully informed of significant developments at the Company. In addition to public announcements of its financial statements and significant matters, Shareholders are encouraged to participate at all general meetings and annual general meetings of the Company. The auditor's representative is present at the annual general meetings to answer questions from Shareholders about the conduct of the audit and preparation and content of the auditor's report. <i>The Company complies with this Recommendation. Post-Completion, the Company does not expect any changes to the above policies.</i>
6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Refer to item 6.2 above. <i>The Company complies with this Recommendation.</i>
6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	The Company's share registry gives security holders the option to receive communications from and send communications to the entity electronically. Security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX. Shareholders queries should be referred to the Company Secretary at first instance. <i>The Company complies with this Recommendation.</i>

7. Recognise and manage risk

7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	<i>The Company does not comply with this Recommendation.</i> The role of the Audit and Risk Committee is assumed by the full Board. Refer to item 4.1 above. The size and scope of the Company's activities do not justify the establishment of such a Committee.
7.2 The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	<i>The Company complies with this Recommendation.</i> Business risk is continuously assessed by the Board in accordance with the Company's risk management and internal compliance policies.
7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	<i>The Company does not comply with this Recommendation.</i> The Company currently has no internal audit function. The Board does not believe the Company is currently of size or complexity to justify the costs of having an internal audit function. Refer to item 4.1 above as to how the audit functions of the Company are conducted. Business risk is continuously assessed by the Board in accordance with the Company's risk management and internal compliance policies.

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7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	The Company complies with this Recommendation. The Company discloses all material risks in its annual financial statements.
8. Remunerate fairly and responsibly	
8.1 The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	The Company does not comply with this Recommendation. Due to the size and nature of the existing board and the magnitude of the Company's operations, the Company currently has no Remuneration Committee. Pursuant to clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Remuneration Committee under the written terms of reference for that committee. The role and responsibilities of the Remuneration Committee are outlined in Schedule 4 of the Company's Corporate Governance Plan available online on the Company's website. The Board devote time at annual board meetings to fulfilling the roles and responsibilities associated with setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive. The Company's Corporate Governance Plan includes provision that the Company establish a Remuneration Committee under the Plan's Charter, which discloses its specific responsibilities. No Director participates in any deliberation regarding his or her own remuneration issues. Post-Completion, the Company does not expect to adopt a separate Remuneration Committee or any changes to the above policies. The Company will have a Board, which consists three of directors of which two are non- executive directors (one being the Chairman). However, the Company will over time and as appropriate consider a formal committee structure to more rigorously apply this Recommendation.
8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	The Company complies with this Recommendation. The Company has adopted separate policies relating to the remuneration of Non-Executive Directors and Executive Directors and senior executives. Refer to Section 5.8.8 of this Prospectus. Details of the Company's remuneration policies are available on the Company's website. Post-Completion, the Company does not expect any changes to the above policies.
8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	The Company does not currently have an equity based remuneration scheme.

6. Details of the Public Offer and Placements

6.1 Introduction

The information set out in this Section 6 is not comprehensive and should be read together with the other information in this Prospectus.

6.2 Public Offer

Under to the Public Offer, the Company invites Applications during the Offer Period for 50,000,000 Shares at an Offer Price of 7.0 cents per Share to raise \$3,500,000 before costs.

The minimum and maximum subscription under the Public Offer is 50,000,000 Shares at the Offer Price to raise \$3,500,000 before costs. There will be no oversubscriptions accepted by the Company.

All Shares issued under the Public Offer will be fully paid ordinary shares in the Company and will rank equally in all respects with the Shares already on issue. The rights and liabilities attaching to the Shares are summarised in Section 10.1.

Applications must be made on the Application Form provided with this Prospectus and must be received before the Closing Date. Refer to Section 6.7 of this Prospectus for further information on how to apply for Shares under the Public Offer.

If the minimum subscription is not achieved within four months of the date of this Prospectus, or such longer period as is permitted under the Corporations Act, the Company will not issue any Shares and will repay all Application Moneys received within the time prescribed under the Corporations Act, without interest.

The Public Offer is not underwritten.

6.3 Placements

This Prospectus is also for the following Placements, being:

- the Vendor Placements;
- the SJSM Placement; and
- the Advisor Placements.

Completion of the Placements is conditional with completion of the Public Offer.

6.3.1 Vendor Placements

The Company has entered into the Share Sale Agreement with the Major Shareholders to acquire all of the issued capital of Veriluma. A summary of the terms and conditions of the Share Sale Agreement is contained in Section 9.2 of this Prospectus.

As consideration for the Proposed Acquisition, under the Vendor Placements, at Completion the Company will offer 162,857,400 Consideration Shares to the Veriluma Shareholders (or their nominees) and 40,000,000 Performance Shares with the Initial Veriluma Shareholders (or their nominees).

All Consideration Shares issued under the Vendor Placements will rank equally with the existing Shares. The rights and liabilities attaching to the Shares and the terms and conditions attaching to the Performance Shares are set out in Sections 10.1 and 10.2 of this Prospectus.

The Vendor Placements are a private placement with Veriluma Shareholders only. No funds will be raised from the Vendor Placements.

6.3.2 SJSM Placement

The Company has agreed to issue a total of 2,857,143 Shares to SJSM Pty Ltd (**SJSM**) (ACN 151 335 992) (or its nominee) in satisfaction of outstanding loans owed to SJSM by Veriluma.

On Completion, the Company will place 2,857,143 Shares with SJSM (or its nominee) at a deemed issue price of 7 cents per Share in satisfaction of outstanding loans of \$200,000 owed to SJSM by Veriluma.

The Shares will rank equally with existing Shares and the rights and liabilities attaching to the Shares are set out in Sections 10.1.

The SJSM Placement is a private placement with SJSM only. No funds will be raised from the SJSM Placement.

6.3.3 Advisor Placements

The Company has appointed the Lead Manager as its lead manager to the Public Offer under the Lead Manager Mandate. A summary of the terms and conditions of the Lead Manager Mandate is contained in Section 9.5.1. In addition, the Veriluma Corporate Advisor has been appointed corporate advisor to Veriluma under a separate mandate referred to in Section 9.3.6.

As part consideration for the services provided by the Lead Manager to the Company and the Corporate Advisor to Veriluma, the Company will offer under the Advisor Placements at Completion:

- 3,665,883 Shares to the Lead Manager (or its nominee); and
- 13,800,000 Shares to the Corporate Advisor (or its nominee).

The Shares issued under the Advisor Placements will rank equally with existing Shares and the rights and liabilities attaching to the Shares are set out in Sections 10.1.

The Advisor Placements are private placements with the Lead Manager and Corporate Advisor only. No funds will be raised from the Advisor Placements.

6.4 Director Placements

The Company will also offer 5,714,286 Shares and 1,000,000 Director Options with certain Directors of the Company (**Director Placements**)

As approved by members at the General Meeting, the Director Placements comprise the issue of 5,714,286 Shares to Mr Nigel Gellard, a Director of the Company, for nil consideration, in satisfaction of \$200,000 of accrued consulting fees and the issue of 500,000 New Options for nil consideration, to each of Mr Jay Stephenson and Mr Peter Ellery, both Directors of the Company, in recognition of loyalty and past services provided to the Company.

The Shares will rank equally with existing Shares. The rights and liabilities attaching to the Shares and terms and conditions attaching to the New Options offered under the Directors Placements are set out in Sections 10.1 and 10.4.

The Director Placements are private offers with certain Directors only. No funds will be raised from the Director Placement.

6.5 Conditions of Completion

Completion is conditional on the following:

- the Company raising \$3,500,000 under the Public Offer;
 - the satisfaction or waiver of the Conditions Precedent to the Proposed Acquisition; and
 - ASX conditional approval for reinstatement to Official Quotation of the Company's Securities on terms acceptable to the Company,
- (together, the **Conditions of Completion**).

If any of the Conditions of Completion are not met, the Public Offer and Placements will not proceed and the Company will repay all Application Moneys without interest. The Company must comply with ASX requirements for its securities to be reinstated to Official Quotation on ASX, which includes re-complying with Chapters 1 and 2 of the ASX Listing Rules. Further details are set out in Section 6.14.

The Director Placements are unrelated to Completion.

6.6 General Meeting of Shareholders

Completion was conditional on member approval of the Public Offer, the Placements, and the Proposed Acquisition.

At the General Meeting held on 13 July 2016, the Company received member approval for the following essential resolutions:

- the change in the nature and scale of the activities of the Company as a result of the Proposed Acquisition;
- the issue of the Shares to be issued under the Public Offer;
- the Vendor Placements;
- the creation of the Performance Shares as a new class of security of the Company;
- the Advisor Placements;
- the change in name of the Company to "Veriluma Limited"; and
- the appointment of Mr Richard Charles Anstey and Ms Elizabeth Ann Whitelock as Directors, (together, the **Essential Resolutions**).

In addition, the Company received member approval at the General Meeting for the following additional resolutions:

- the SJSM Placement;
- the Director Placements;
- an increase in the aggregate remuneration permitted to be paid by the Company to its non-executive Directors from \$250,000 to \$400,000; and
- modifications to the Constitution of the Company which are intended to be in line with current good corporate governance practices and the provisions of the Corporations Act, (together, the **Non-Essential Resolutions**).

The Public Offer, Placements and the Proposed Acquisition were not conditional on passing the Non-Essential Resolutions.

6.7 Applications

6.7.1 How to apply for the Public Offer

All Applications for Shares under the Public Offer must be made, and will only be accepted, in one of the following forms:

- on the relevant Application Form accompanying this Prospectus; or
- on a paper copy of the relevant electronic Application Form, which forms part the digital version of this Prospectus, and which can be found at and downloaded from www.parmeliaresources.com.au.

By completing an Application Form, you will be taken to have declared that all details and statements made by you are complete and accurate and that you have received personally the Application Form together with a complete and unaltered copy of this Prospectus.



Application Forms in respect of the Public Offer must be accompanied by a personal cheque or a bank draft, payable in Australian dollars, for an amount equal to the number of Shares for which the Applicant wishes to apply, multiplied by the Offer Price of 7.0 cents per Share. Cheques or bank drafts should be made payable to "**Parmelia Resources Limited Share Account**" and crossed "**Not Negotiable**". No brokerage or stamp duty is payable by Applicants. The amount payable on Applications will not vary during the Offer Period.

Applications by existing Shareholders must be for the number of Shares that would result in their shareholding totalling 30,000 Shares and thereafter in multiples of 10,000 Shares. Otherwise, Applications must be for a minimum of 30,000 Shares and thereafter in multiples of 10,000 Shares.

Applicants should ensure that cleared funds are available at the time the Application is lodged, as dishonoured cheques will result in the Application being rejected.

Completed Application Forms for the Public Offer should be delivered or posted to:

Parmelia Resources Limited Share Issue
C/- Computershare Investor Services Pty Limited
GPO Box D182
Perth WA 6840
AUSTRALIA

Application Forms must be received at the above address during the Offer Period and no later than **5:00pm AWST on the Closing Date**. The Company reserves the rights to close the Public Offer early and Applicants are urged to lodge their Application Forms as soon as possible.

Detailed instructions on how to complete the Application Forms are set out on the reverse side of the Application Form. Applicants are not required to sign the Application Form.

6.7.2 How to apply for the Placements and Director Placements

The Placements and Director Placements are personal offers to certain specified persons only.

Only these specified persons may apply for Securities under the Placements and Director Placements. A personal Application Form in relation to each of the Placements and Director Placements will be issued to each person eligible to participate in those Offers, together with a copy of this Prospectus. The Company will only provide the personalised Application Forms for the Placements and Director Placements to those persons entitled to participate in those Offers.

Detailed instructions on how to complete the Application Forms for the Placements and Director Placements will be set out on the reverse side of the Application Form. Applicants will not be required to sign the Application Form.

6.8 Application moneys held on trust

All Application Moneys received under the Public Offer will be held on trust in a separate bank account of the Company, opened only for this purpose, until the Shares are issued and allotted under the Public Offer, or the Application Moneys are returned to the Applicants.

If the Shares are not admitted to quotation on ASX within three months after the date of this Prospectus, no Shares will be issued and all Application Moneys will be refunded in full without interest in accordance with the Corporations Act.

6.9 Purpose of Offers

The purpose of the Public Offer is to:

- proceed with the Proposed Acquisition;

- raise \$3,500,000 before costs to, amongst other things, repay any outstanding Veriluma Shareholder Loans at Completion, advance the business model and strategy of Veriluma and meet the expenses of the Public Offer and this Prospectus; and
- facilitate an application by the Company for re-admission of the Company to the Official List of the ASX.

For further detail as to how Parmelia intends to use funds raised under the Public Offer - refer to Section 6.10.

The purpose of the Placements and Director Placements are to:

- provide consideration to the Veriluma Shareholders for the Proposed Acquisition;
- repay debt and discharge liabilities of \$200,000 owed by Veriluma to SJSM;
- provide consideration to the Corporate Advisor and Lead Manager for services provided to Veriluma and the Company in relation to the Proposed Acquisition and the Public Offer;
- pay outstanding director fees and discharge liabilities, capped at \$200,000, owed by the Company to one of the Directors;
- recognise past loyalty and services provided by the Directors to the Company;
- remove the need for an additional disclosure document upon the sale of any Shares the subject of the Placements in the 12 months following their respective dates of issue or for the issue of Shares upon the exercise of the New Options or conversion of the Performance Shares and any subsequent on-sale of those Shares in the 12 months following the date of their issue; and
- comply with the disclosure requirements under Chapter 6D of the Corporations Act to the extent that none of the exemptions under sections 708 and 708A of the Corporations Act apply in respect to these private Placements.

No funds will be raised by the Company from these Offers.

6.10 Use of funds

The table below sets out the intended use of funds raised from the Public Offer, together with existing cash reserves of the Company, over the first two years following re-compliance by the Company with Chapters 1 and 2 of the ASX Listing Rules:

Item	Notes	Amount of Funds \$'000s	Percentage of Funds %
Total pre-Completion pro-forma cash	1	303.0	
Total funds raised under the Offer (before costs)	2, 3	3,500.0	
Total Funds Available		3,803.0	
Completion expenses	4	428.1	11.3
Repayment of Veriluma Shareholder Loans	5	485.9	12.8
Veriluma product development	6	1,476.3	38.8
Veriluma product commercialisation		900.4	23.7
Veriluma product legal costs		180.8	4.8
Administration		140.3	3.6
Employee Expenses		191.2	5.0
Total Allocated Funds		3,803.0	100.0

Notes:

1. Total pre-Completion pro-forma cash represents the sum of the cash reserves of the Company and Veriluma as at 30 June 2016

2. Total funds raised under the Public Offer of 50,000,000 Shares at an Offer Price of 7.0 cents each (before costs)
3. The minimum and maximum subscription for the Public Offer is \$3,500,000. If less than \$3,500,000 is raised, Completion will not occur and any funds raised under the Public Offer will be returned to investors, without interest.
4. Refer to table below for the itemised costs of Completion:

Estimated Cost	Notes	Amount \$'000s
ASX Fees		32.5
ASIC Fees		2.1
Lead Manager fees	4(a)	210.0
Legal, Accounting and Due Diligence Expenses	4(b)	140.0
Investigating Accountant Fees	4(c)	15.0
Shareholders General Meeting/Share Registry Costs		10.0
Printing and miscellaneous		18.5
Total Costs of Completion		428.1

- (a) The Company has agreed to pay to the Lead Manager a fund raising fee of 6% (exclusive of goods and services tax) of amounts raised under the Public Offer. Details of the Lead Manager's fees can be found in Section 9.5.1.
 - (b) Details of legal fees can be found in Section 10.8.
 - (c) Details of Investigating Accountant's fees can be found in Section 10.8
5. Details of the Veriluma Shareholder Loans can be found in Section 9.4.3. At the date of this Prospectus, it is the intention of Veriluma that \$79,211 of these Veriluma Shareholder Loans owed to Ms Whitelock will be repaid by Veriluma from its own proceeds generated from the business activities of Veriluma. The balance of the Veriluma Shareholder Loans will be repaid by the Company at Completion from the proceeds of the Public Offer subject to ASX approval.
6. Refer to table below for further details of Veriluma product development:

Estimated Cost	Notes	Amount \$'000s
General		32.6
Software maintenance and enhancements	6(a)	483.3
Customer solutions development – pre and post sales	6(b)	960.4
Total Costs of Completion		1,476.3

- (a) "*Software maintenance and enhancement*" includes the costs associated with the maintenance and support of the Veriluma software for its customers. In addition to this and as stated in Section 2.5.10 Veriluma is intends to add functionality to the software. Veriluma's plans include offering automated work-flow, problem reasoning interfaces, machine learning, structured and unstructured data feeds/integration, and data mining/analytics. The costs to develop new enhanced functionality are included in this amount.
 - (b) During the process of securing new customers, Veriluma spends time developing new model solutions which are directed to the industries and the requirements of each application. This is referred to as "*customer solutions development*". During the "*pre sales*" phase pilot or prototype models are often developed as a proof of concept to validate Veriluma's software. During the "*post sales*" phase, models are developed which meet the specific needs of each customer and solve their problems. The costs associated with developing new models which provide applications for Veriluma's customers are included here. Once a model is developed for a specific application it may be sold to different customers with only minor changes to meet customer specific needs.

The above table is a statement of current intentions of the Board as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

The Directors are satisfied that on Completion the Company will have sufficient working capital to meet its stated objectives.

6.11 Capital structure

The proposed pro-forma capital structure of the Company post-Completion is summarised below⁽¹⁾:

Equity Instrument	Notes	Equity Instrument No.	Interest in the Company (Fully Diluted) % ²
(a) Shares	3		
■ Existing Shareholders as at the date of this Prospectus		120,209,347	25.6
Subtotal Shares		120,209,347	
■ Shares issued in accordance with Proposed Acquisition		162,857,400	34.7
■ Shares issued to Lead Manager and Corporate Advisor		17,465,883	3.7
■ Shares issued to Director (Mr Nigel Gellard)		5,714,286	1.2
■ Shares issued to SJS		2,857,143	0.6
Subtotal Shares		309,104,059	
■ Shares issued under Public Offer		50,000,000	10.7
TOTAL SHARES		359,104,059	
(b) Performance Shares	4		
■ Existing Performance Shares as at the date of Prospectus		-	
SUBTOTAL PERFORMANCE SHARES		-	
■ Class A Performance Shares issued in accordance with Proposed Acquisition		10,000,000	2.1
■ Class B Performance Shares issued in accordance with Proposed Acquisition		15,000,000	3.2
■ Class C Performance Shares issued in accordance with Proposed Acquisition		15,000,000	3.2
TOTAL PERFORMANCE SHARES		40,000,000	
(c) Options	6		
■ Existing Options as at the date of this Prospectus		69,296,176	14.8
SUBTOTAL OPTIONS		69,296,176	
■ New Options to be issued to Director (Mr Jay Stephenson)		500,000	0.1
■ New Options to be issued to Director (Mr Peter Ellery)		500,000	0.1
TOTAL OPTIONS	5	70,296,176	
FULLY DILUTED EQUITY		469,400,235	100.0

Notes:

- For further information, refer to the Investigating Accountant's Report in Section 8 of this Prospectus.
- Percentages are calculated on a fully diluted basis, assuming that all Securities are issued under this Prospectus, all Options are exercised and all Performance Shares are converted into Shares.
- Rights attaching to the Shares are summarised in Section 10.1 of this Prospectus.
- Terms of the Performance Shares are summarised in Section 10.2 of this Prospectus.
- As at the date of this Prospectus, Parmelia has 69,296,176 Existing Options on issue as follows:



Option Series	Options No.	Exercise Price \$	Exercise Date
Granted 15 November 2013	15,941,667	0.150	15 Nov 2016
Granted 15 November 2013	4,500,000	0.065	31 Oct 2016
Granted 8 August 2014	34,375,384	0.050	30 May 2017
Granted 30 September 2014	2,836,000	0.050	30 May 2017
Granted 3 December 2014	3,143,125	0.050	30 May 2017
Granted 12 December 2014	4,500,000	0.064	31 Oct 2017
Granted 18 December 2014	4,000,000	0.050	30 May 2017
TOTAL OPTIONS	69,296,176		

6. Terms and conditions of the Company's Existing Options on issue can be found in Section 10.3 of this Prospectus. The terms and conditions of the New Options to be issued pursuant to the Directors Placements under this Prospectus can be found in Section 10.4.

6.12 Substantial Shareholders

At the date of this Prospectus, there are no substantial holders in the Company holding voting rights of 5% or more in the Company.

Following Completion, it is anticipated that the following parties will be substantial holders of the Company with the approximate holdings:

Shareholder	Shares No.	Relevant Interest in the Company % ⁽¹⁾⁽²⁾
Maneki Pty. Ltd. ⁽³⁾	50,835,900	14.16
Corby Investments Pty Ltd ⁽³⁾	51,308,100	14.29
Elizabeth Ann Whitelock	45,156,000	12.57
TOTAL	147,300,000	41.02

Notes

- ⁽¹⁾ Public Offer: 50,000,000 Shares.
- ⁽²⁾ Percentages are calculated on the basis that all Consideration Shares and other Shares are issued under the Offers in the Prospectus.
- ⁽³⁾ Under the Share Sale Agreement, as a vendor Tivisco is entitled to be issued a total of 101,671,800 Consideration Shares which it will hold separately on bare trust for Corby Investments Pty Ltd as trustee for the Anstey Family Trust and Maneki Pty Ltd as trustee of the Hammond Family Trust respectively (**Trust Beneficiaries**). Tivisco has irrevocably directed the Company to issue 50% (or 50,835,900) of the Consideration Shares directly to Corby Investments Pty Ltd and 50% (or 50,835,900) of the Consideration Shares to Maneki Pty. Ltd as the Trust Beneficiaries. Corby Investments Pty Ltd will also receive an additional 472,200 Consideration Shares in its capacity as a Veriluma Shareholder under the Share Sale Agreement.

6.13 Allotment policy

If the Conditions of Completion are met, the Shares offered under the Public Offer will be issued as soon as practicable after the Closing Date.

Holding statements will be dispatched as required by ASX. It is the responsibility of Applicants to determine their allotment prior to trading in Shares.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Pending the issue of Shares or payment of refunds pursuant to this Prospectus, all Application Moneys received will be held by the Company on trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

The Company, in consultation with K S Capital Pty Ltd, as Lead Manager to the Public Offer, and the Proposed Directors, will determine the allottees of all the Shares under the Public Offer in their sole discretion. The Company reserves the right to reject any Application or to allot any Applicant a lesser number of Shares than applied for in an Application Form. The final allotment of Shares between Applicants will be determined solely by the Company. If the number of Shares allotted is less than that applied for, or no issue is made, the surplus Application Money will be refunded to the Applicant without interest promptly after the Closing Date.

There is no guaranteed allotment of Shares under the Public Offer. The Company's determination on the number of Shares to be allotted to an Applicant will be final.

Any Applicants who sell Shares before they receive their transaction confirmation statements do so at their own risk.

A completed and lodged Application Form, together with a cheque or other permitted form of payment for the Application Moneys, constitutes a binding and irrevocable Application for the number of Shares specified in the Application Form, or any lesser number allotted by the Company.

If the Application Form is not completed correctly, or if the accompanying payment of the Application Moneys is for the wrong amount, it may still be treated as a valid Application. The Directors may complete any blanks or spaces left in any Application Form and the Applicant, by lodging the Application, appoints each of the Directors severally as its attorney in this regard and authorises all such amendments. The Directors' decision whether to treat the Application as valid and how to construe, amend or complete the Application Form is final. However, an Applicant will not be treated as having applied for more Shares than can be subscribed for by the amount of the cheque or other permitted form of payment for the Application Moneys. The Company's decision on the number of Shares to be allocated to an application will be final.

6.14 ASX listing

Application will be made to the ASX within 7 days after the date of this Prospectus for Official Quotation of the Shares to be issued pursuant to this Prospectus. However, Applicants should be aware that ASX will not commence Official Quotation of any Shares until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be re-admitted to the Official List (see Importation Information 8 "*Change in nature and scale of Activities*" on page 2 of this Prospectus). As such, the Shares may not be able to be traded for some time after the Closing Date.

If the Shares are not admitted to Official Quotation by ASX within 3 months after the date of this Prospectus, or within such period as varied by the ASIC, or if ASX rejects the Company's re-admission to the Official List, the Company will not issue any Shares and will repay all Application Moneys for the Shares within the time prescribed under the Corporations Act, without interest. In those circumstances, the Proposed Acquisition will not proceed.

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.

6.15 Applications outside Australia

This Prospectus does not, and is not intended to, constitute an offer or invitation in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or invitation or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Company has not taken any action to permit the offer of Securities under this Prospectus in any jurisdiction other than Australia and New Zealand.

It is the responsibility of non-Australian or New Zealand resident investors to obtain all necessary approvals for the issue to them of Securities under this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all such approvals have been obtained.

6.16 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by an Application Form. If you have not, please email the Company at info@parmeliareources.com.au and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.parmeliareources.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 or New Zealand resident and must only access this Prospectus from within Australia or New Zealand.

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.

6.17 Withdrawal of Public Offer

The Public Offer may be withdrawn at any time. In this event, the Company will return all Application Moneys (without interest) in accordance with applicable laws.

6.18 Clearing house electronic sub-register system (CHES) and issuer sponsorship

The Company is a participant in CHES, operated by ASX Settlement Pty Limited (**ASPL**), a wholly-owned subsidiary of ASX, 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.

Under this system, the Company will not issue certificates to investors in relation to their Shares. Instead, Shareholders will receive a statement of their shareholdings in the Company.

If an investor is broker sponsored, ASPL will send investors' CHES statements. The CHES statements will set out the number of Shares allotted to each investor under this Prospectus, give details of the Shareholder's holder identification number (**HIN**) and give the participant identification number of the sponsor.

Alternatively, if an investor is registered on the issuer sponsored sub-register, the statements will be dispatched by the Share Registry and will contain the number of Shares issued under this Prospectus and the Shareholder's security holder reference number (**SRN**).

A CHES statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month in which the balance of their holding changes. A Shareholder may request a statement at any other time, however a charge may be made for additional statements.

6.19 Restricted securities and escrow arrangements

The Company has no securities on issue as at the date of this Prospectus that have been classified by ASX as restricted securities and are held in escrow.

As a condition of admitting the Company to the Official List, ASX may classify certain existing securities in the Company as restricted securities. Any such classification will restrict the transfer of effective ownership or control of any restricted securities without the written consent of ASX and for such period as ASX may determine.

During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid, which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

On Completion, it is anticipated that some of the Securities issued to the Veriluma Shareholders under the Vendor Placements will be classified by ASX as restricted and will have escrow restrictions placed on them. In particular, Securities issued to entities related to the Proposed Directors and to Maneki Pty Ltd as Veriluma Shareholders will be held in escrow for 24 months beginning on the date on which re-quotation of the Company's securities commences, and may not be transferred, assigned or otherwise disposed of during that period. Securities issued to certain other Veriluma Shareholders who are not related parties or promoters of Veriluma or the Company may be escrowed for 12 months.

Securities issued under the Advisor Placements and Director Placements will similarly be escrowed for a period of up to 24 months from the date re-quotation of the Company's securities commences on ASX. The Shares issued under the SJSM Placement are expected to be escrowed for 12 months.

Prior to Official Quotation, the parties holding restricted securities must enter into restriction agreements with the Company on the terms set out in the Listing Rules. Details of those restriction agreements and the number of Shares affected will be disclosed to the market on ASX's announcements platform prior to commencement of Official Quotation of the Shares.

6.20 Rights and liabilities attaching to Securities

The rights and liabilities attaching to Shares are detailed in Section 10.1.

The terms and conditions of the Performance Shares and New Options to be issued under this Prospectus are detailed in Section 10.2 and 10.4.

6.21 Financial information

Following the change in the nature and scale of its activities, the Company will be focused on developing the business of Veriluma. As such, the Company's historical operational and financial performance will not be of significant relevance to future activities of the Company.

Further, due to the early stage of the commercialisation activities of Veriluma, the Company is not in a position to disclose any key financial ratios or financial information other than the summary of financial information in Section 4 and the pro forma financial statements included in the Investigating Accountant's Report in Section 8 of this Prospectus.

The initial funding for the Company will be generated from the Public Offer. The Company may need to raise further capital in the future to develop the business of Veriluma. Refer to Section 2.5.13. There is a risk that fundraising may not be successful.

6.22 No forecasts in Prospectus

The Directors believe that they do not have a reasonable basis to forecast future earnings of the Company or Veriluma as the activities to be carried on through the Proposed Acquisitions are subject to a number of inherently uncertain influences. Although the Company will seek to ensure that strategies are pursued to ensure the success of the commercial activities of Veriluma, revenue generation cannot be reliably predicted. Accordingly, any forecast or projected financial information would contain such a broad range of potential outcomes and possibilities that it is not possible to provide a reliable estimate, forecast or prediction in this Prospectus.

Notwithstanding the above statement, to the extent that there may be matters discussed in this Prospectus that are forward-looking, such statements are only predictions and actual events or results may differ materially. In addition, there are statements in this Prospectus concerning the envisaged operations of the Company post-Completion. These forward-looking statements are subject to numerous risks. For a discussion of the important risk factors which could cause actual events or results to differ materially from such forward-looking statements, refer to Section 3.

6.23 Dividend policy

The Company anticipates that significant expenditure from cash reserves will be incurred in the development and growth of Veriluma's business. These activities are expected to dominate the 2 year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period or in the near future.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Board and will depend on the availability of distributable earnings and operating results and the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance as to the payment of dividends or as to the franking credits attaching to dividends can be given by the Company.

6.24 Taxation and tax file numbers

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial circumstances of each investor. All potential investors in the Company are urged to obtain independent financial or taxation advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

It is not necessary for Applicants to quote their tax file number. However, Applicants should read the instructions in the Application Form regarding the provision of their tax file number. Nothing in the Prospectus constitutes financial advice.

6.25 Lead Manager

K S Capital Pty Ltd (ACN 124 761 557 and AFSL No. 316880) will act as Lead Manager to the Public Offer. The Lead Manager will receive a lead management fee of 1% of total funds raised under the Public Offer and a brokerage fee of 5% of total funds received under the Public Offer. Such fees are exclusive of GST.

The Company will also issue the Lead Manager 3,665,883 Shares under the Advisor Placements.

Refer to Section 9.5.1 for a summary of the terms and conditions of the Lead Manager Mandate.

6.26 Commissions

Brokerage or handling fees on Applications for Shares under the Public Offer will be payable to member firms of the ASX or licensed investment advisors on such Application Forms bearing their stamp and accepted by the Company. Any such brokerage or handling fees will be paid by the Lead Manager out of its brokerage fee, in accordance with the provisions of the Corporations Act.

6.27 ASIC and ASX waivers

6.27.1 ASIC

No waivers have been applied for or received from ASIC in relation to the Public Offer, the Placements, or this Prospectus.

6.27.2 ASX

The ASX has:

- (a) granted a waiver from ASX Listing Rule 2.1 Condition 2 to permit the issue of up to 50,000,000 Shares under the Public Offer at less than 20 cents per Share provided the issue price is not less than 2 cents per Share and the Shares receive shareholder approval at the General Meeting;

- (b) confirmed in principle that the terms of the 40,000,000 Performance Shares to be offered under the Vendor Placements are appropriate and equitable for the purposes of ASX Listing Rule 6.1 provided that the Performance Shares receive shareholder approval at the General Meeting; and
- (c) granted waiver from the ASX from ASX Listing Rule 1.1 Condition 11 to permit the exercise price of the 1,000,000 New Options under the Director Placements to be less than \$0.20.

6.28 Corporate governance

To the extent applicable, in light of the Company's size and nature, the Company has adopted *The Corporate Governance Principles and Recommendations* (3rd Edition) as published by ASX Corporate Governance Council (**Recommendations**).

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined in Section 5.8 and the Company's compliance and departures from the Recommendations are set out in Section 5.8.10 of this Prospectus.

The Company's full Corporate Governance Plan is available from the Company's website at www.parmeliareources.com.au.

6.29 Risks

As with any investment in securities, there are risks associated with investing in the Company. The risks factors which could affect the financial and market performance of the Company are detailed in Section 3. The Securities to be issued under this Prospectus should be considered highly speculative. Accordingly, before deciding to invest in the Company, Applicants should read this Prospectus in its entirety and should consider the factors in light of their personal circumstances and seek appropriate professional advice.

6.30 Privacy policy

If you complete an Application Form, 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, and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including 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. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information are 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 Securities, the Company may not be able to accept or process your Application.

6.31 Enquiries regarding the Public Offer

If Applicants have any queries about the terms of the Public Offer or how to apply for Shares, Applicants should contact their financial advisor or the Company on +61 (0)8 6141 3500.

The Company is unable to advise Applicants on whether an investment in it is suitable for them. For such advice Applicants must contact their own independent professional advisers.

7. Intellectual property report

**K&L GATES**

29 July 2016

The Directors
Parmelia Resources Limited
Level 4
66 Kings Park Road
WEST PERTH WA 6004

Partner: Steven Wulff
steven.wulff@klgates.com

T +61 3 9205 2000

Our ref: wulffs.7600736.00009

Dear Sirs

Patent Report

We have been asked by Parmelia Resources Limited (**Parmelia**) to provide a report on the patent position of Veriluma Pty Ltd (**Veriluma**).

This patent report is for inclusion in a prospectus to be issued by Parmelia. The directors of Parmelia propose to use proceeds of the offer in the prospectus to purchase Veriluma.

The report sets out details of patents currently in the name of Veriluma, and also gives a general overview of patent protection.

Patents

Veriluma is recorded as the owner of the following granted Australian and US patents.

Patent No.	Title	Filing Date
AU 2006202485	Intelligence analysis method and system using subjective logic	9 June 2006
US 7720787	Intelligence analysis method and system using subjective logic	10 June 2006

The abstract of the US patent is representative of the subject matter of the granted patents, and is set out below.

Method of and system for analysing a set of exhaustive and exclusive hypotheses, including assessing and assigning base rates for each hypothesis; determining a set of items of evidence that are relevant to, have a causal influence on, or would disconfirm more than one hypothesis; assessing and assigning base rates for each item of evidence; deciding, for each item of evidence, whether the item should be treated as being a causal influence or diagnostic indicator with respect to the set of the

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hypotheses; if the item of evidence is to be treated as a causal influence—making a judgement as to the likelihood of each hypothesis, both if the evidence were true, and also if the evidence were false; if the item of evidence is to be treated as a diagnostic indicator—making a judgement as to the evidence being true if the hypothesis were true; assessing the belief for each item of evidence being true; deciding a set of interim beliefs in each hypothesis for each individual item of evidence by:

employing a conditional inference operator for evidence that is to be treated as a causal influence; and

employing a reverse conditional inference operator for evidence that is to be treated as a diagnostic indicator; and

deciding the overall belief in each hypothesis by employing a consensus operator on the respective set of interim beliefs.

Patent protection

A patent is a legally enforceable monopoly right granted by a government for a product, device, system, method, or process that is novel, inventive and useful. A patent has a limited maximum duration which is typically 20 years from the filing date of the application for the patent.

In general, an invention claimed in a patent is considered novel if there has been no public disclosure of it by publication or use anywhere in the world before the earliest patent application filing date. An invention is considered to be inventive if it is "not obvious" to a hypothetical skilled person working in the relevant area of technology. The assessment of non-obviousness differs in detail from country to country and depends on the state of knowledge in the relevant technology.

In some countries, including Australia but not the US, grant of a patent may be opposed by third parties within a fixed time after the application for the patent has been examined and accepted by a patent office.

In the present case, the granted patents in Veriluma's name have been examined by the Australian and US patent offices, and have been decided to be novel and inventive according to local laws. Australian patent office records show that grant of the Australian patent was not opposed by any third party.

Patent enforceability

A granted patent gives its owner the rights to exclude others from making, using, selling, hiring, or importing the invention defined in the claims of the patent in the jurisdiction where it was granted.

The right to prevent others from carrying out the invention claimed in a patent may be enforced in court proceedings. If the patent is valid and infringed, the court can order the infringer to stop their activities, as well as providing other remedies such as damages.

Patent validity

Grant of a patent does not guarantee validity. The validity of a granted patent can be challenged by third parties in court revocation proceedings, or in some countries, including the US, in administrative review proceedings in national patent offices.

Freedom to operate

Grant of a patent does not include any positive rights to practice or operate the invention, but only to exclude others from doing so. The patentee's freedom to use his own invention may be limited by the existence of other patents owned by third parties.

Patent ownership

The right to be granted a patent belongs to the inventor or an entity which derives title to the invention from the inventor by assignment or operation of law, such as a contract of employment with the inventor.

In the present case, Australian and US patent office records indicate that Veriluma derives title to the granted patents by assignment.

Maintenance fees

Maintenance fees are payable during the life of a patent in most countries. The timing of maintenance fees varies from country to country. Maintenance fees are paid annually from filing in many countries. In some countries, maintenance fees are payable only after grant on a multi-annual basis. Failure to pay maintenance fees by the relevant due date lapses the patent.

In the present case, Australian and US patent office records indicate that the most recent maintenance fees due on the granted patents have been paid.

Limitations

This report is limited to the accuracy of the records of the Australian and US patent offices. The information in this report was current at the time it was prepared.

We have not been asked to make any independent evaluation of the enforceability, validity, freedom to operate, or ownership of the granted patents.

Statement of independence

K&L Gates has no interest in Parmelia or Veriluma other than fees for professional services.

K&L Gates has no involvement in the preparation of the prospectus by Parmelia other than the preparation of this report.

Yours faithfully



Steven Wulff
Partner

8. Investigating Accountant's report

29 July 2016



ABN 17 008 963 755

Australian Financial Services
Licence Number 237 549

The Directors
Parmelia Resources Limited
C/- Wolfstar Group Pty Ltd
Suite 12, Level 1
11 Ventnor Avenue
WEST PERTH WA 6005

Dear Sirs

Investigating Accountant's Report – Parmelia Resources Limited

1. Introduction

This Investigating Accountant's Report ("Report") has been prepared at the request of the directors of Parmelia Resources Limited ACN 142 901 353 ("Parmelia", "Parmelia Resources", "PML" or "the Company"). The Report has been prepared based on the historical financial information of the Company and of Veriluma Pty Ltd ("Veriluma") for inclusion in a Prospectus dated on or around 29 July 2016 inviting participation in the issue of a minimum of 50,000,000 ordinary shares at an issue price of 7 cents per share to raise \$3,500,000 ("Minimum Subscription"). The capital raising is conditional upon the approval of all Essential Resolutions, as set out in the Notice of General Meeting issued by the Company on 10 June 2016, which were approved at a General Meeting of Shareholders on 13 July 2016.

All amounts are expressed in Australian Dollars unless otherwise stated. Unless otherwise stated, terms have the same meaning as in the Prospectus.

2. Background

The Company was incorporated as Sentosa Mining Limited on 31 March 2010 originally for the purpose of acquiring and developing highly prospective mineral properties, and listed on the official list of the Australian Securities Exchange on 15 December 2010. On 7 January 2014 Sentosa Mining Limited announced that it had officially changed its name to Parmelia Resources Limited.

The Company currently has the following 100% owned subsidiaries:

- Toro Mining Pty Ltd
- Sentosa Mining (Philippines) Inc
- St Nicholas Mines Pty Ltd
- Niquaero LLC

On 8 and 24 December 2015, Parmelia announced that it had executed a binding and conditional Share Sale Agreement to acquire 100% of the issued share capital in Veriluma.

Veriluma was incorporated on 8 December 2005. Veriluma owns unique patented software that delivers predictive intelligence capabilities to complex scenarios and decision processes.

For detailed information in respect to Veriluma, refer to Section 2 of this Prospectus.

Information on the Parmelia Resources' activities can also be found in this Prospectus.

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Pendragon Capital Ltd



In consideration for the 100% acquisition of Veriluma, Parmelia Resources will issue to the shareholders of Veriluma:

Share category	Number of Shares
Ordinary shares	162,857,400
<i>Performance Shares</i>	
A Class Performance Shares	10,000,000
B Class Performance Shares	15,000,000
C Class Performance Shares	15,000,000
Total Performance Shares	40,000,000

Performance Share Milestones

A Class Performance Shares

A Performance Share milestone will be taken to have been satisfied if, on or before the 2nd anniversary of the issue of the A Performance Shares, the Veriluma business achieves annual sales revenue of not less than \$2,000,000.

B Class Performance Shares

B Performance Share milestone will be taken to have been satisfied if, on or before the 3rd anniversary of the issue of the B Performance Shares, the Veriluma business achieves annual sales revenue of not less than \$3,000,000.

C Class Performance Shares

C Performance Share milestone will be taken to have been satisfied if, on or before the 4th anniversary of the issue of the C Performance Shares, the Veriluma business achieves annual sales revenue of not less than \$10,000,000.

Each A, B and C Performance Share will automatically convert to one ordinary share on the satisfaction of the relevant Milestone.

Veriluma's Corporate Advisor Fee

Additionally, the company has agreed to issue 13,800,000 Advisor Shares to Veriluma's Corporate Advisor, Insync Equity Services Pty Ltd, as fees payable for corporate advisory services provided to Veriluma in introducing the transaction to the Company and assisting with the Acquisition. The Corporate Advisor has not received any cash or other consideration for their role as Corporate Advisor to Veriluma.



3. Capital Structure

The expected capital structure of the Company following the completion of the capital raising is as follows:

	Minimum Subscription of \$3,500,000
Shares	
Existing shares in Parmelia Resources prior to lodgement of the Prospectus	120,209,347
Issued as consideration for acquisition of 100% of Veriluma's issued capital	162,857,400
Shares issued to Creditors of the Company	5,714,286
Shares issued to Lead Manager of the Offer	3,665,883
Shares issued to Veriluma's Corporate Advisor	13,800,000
Shares issued to SJSJ Pty Ltd in repayment of loan to Veriluma	2,857,143
Shares pursuant to this Offer – issued at \$0.07	50,000,000
Total shares	359,104,059
Performance Shares	
Class A Performance Shares	10,000,000
Class B Performance Shares	15,000,000
Class C Performance Shares	15,000,000
Total Performance Shares	40,000,000
Options	
Existing Parmelia Options	69,296,176
Related Party Options	1,000,000
Total Options	70,296,176

4. Basis of Preparation

This Report has been included in this Prospectus to provide investors and their financial advisors with information on the pro forma financial statements of Parmelia Resources as set out in Appendix 1. The pro forma financial information is presented in a summarised form and does not reflect all the disclosure requirements of financial statements prepared using Australian Accounting Standards in accordance with the Corporations Act 2001. This report does not address the rights attaching to the shares to be issued in accordance with the Prospectus, nor the risks associated with the investment. Pendragon Capital Limited ("Pendragon") has not been engaged to report on the prospects of Parmelia Resources, the pricing of shares or the benefits and risks of becoming a shareholder in the Company. Risk factors are set out in Section 3 of the Prospectus. Pendragon bears no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report.

5. Scope

Pendragon has been requested to prepare a report covering the following financial information:

Pro forma Financial Information

- Pro forma Unaudited Statement of Financial Position;
- Pro forma Unaudited Statement of Changes in Equity; and
- Notes to and forming part of the pro forma financial statements.



The pro forma unaudited financial information has been derived from historical financial information after adjusting for the following transactions as if they had occurred at the date of acquisition:

- the consolidation of Parmelia Resources and Veriluma historical financial information;
- for accounting purposes, the acquirer has been identified as Veriluma and the business combination referred to as a reverse acquisition. Accordingly, the pro-forma balance sheet incorporates the assets and liabilities of the Company and of Veriluma as if the group was headed by Veriluma. At acquisition date the assets and liabilities of Veriluma are recorded at their book value and assets and liabilities of the Company are recorded at fair value. Components of equity including retained earnings and other reserves reflect the balances of the accounting acquirer, Veriluma;
- the issue of 1,000,000 Related Party Options valued at \$63,702 using the Black Scholes method
- the issue of 162,857,400 fully paid ordinary shares (Consideration Shares) to shareholders of Veriluma;
- the issue of 40,000,000 Performance Shares to shareholders of Veriluma;
- the issue of 50,000,000 fully paid ordinary shares at an issue price of \$0.07 each to raise \$3,500,000;
- the issue of 17,465,883 Advisor Shares to Veriluma's Corporate Advisor and the joint lead manager as part of commission and fees payable;
- the issue of a total of 5,714,286 shares to N Gellard or his nominee, for nil cash consideration as payment for \$200,000 of outstanding consulting fees owed to him by the Company;
- the issue of a total of 2,857,143 shares to SJSJ Pty Ltd, or its nominee, for nil cash consideration as repayment of \$200,000 of outstanding loans to Veriluma;
- the borrowings as at 31 December 2015 will be capped at \$485,874. This results in a pro forma loss of \$64,575. At the date of this prospectus, it is the intention of Veriluma that \$79,211 of borrowings owed to E Whitelock will be repaid by Veriluma from its own proceeds generated from the business activities of Veriluma. The balance of the borrowings will be repaid by the Company at Completion from proceeds of the Public Offer subject to ASX approval. If approval is not received the loan will remain as a liability of Veriluma;
- a related party loan of \$50,000 pursuant to a Loan Agreement between Veriluma and Tivco Pty Ltd ACN 095 269 944 executed on 11 May 2016;
- the Entitlement Issue – A 1 for 4 non-renounceable entitlement issue of Shares at an issue price of \$0.035, which raised \$741,087 which was completed on 2 March 2016. The directors estimated the costs of the Entitlement Issue was \$37,698 and the estimated cost has been deducted from the Entitlement Issue proceeds of \$741,087; and
- payment of estimated costs of the Offer of \$428,100.

The financial information for Parmelia Resources is set out in Appendix 1 to this report.

6. Review

Pendragon has conducted an independent review of the financial information listed above as set out in Appendix 1 to this report. The review has been conducted in accordance with auditing and assurance standard ASRE 2405 "Review of historical financial information other than a financial report".

Our review was limited primarily to the following procedures performed as our professional judgement considered reasonable in the circumstances:

- review of the audited interim financial report for Parmelia Resources for the period ended 31 December 2015;
- review of the audited interim financial report for Veriluma for the period ended 31 December 2015;
- review of the notice of general meeting and explanatory memorandum dated 10 June 2016;
- comparison of consistency in application of accounting standards and policies adopted by the Company; and
- enquiry of Company officeholders and other relevant employees or consultants.

These procedures do not provide all the evidence that would be required in an audit and, therefore, the level of assurance provided is less than that given in an audit. As we have not performed any audit activity, we do not express an audit opinion.

The Directors of Parmelia Resources are responsible for the preparation and presentation of financial information that has formed the basis of our review.

Pendragon disclaims any responsibility for any reliance on this report or the financial information on which it is based for any purpose other than for which it was prepared.

7. Review Statement

Based on our review, which was not an audit, nothing has come to our attention which causes us to believe that the historical and pro forma financial information set out in Appendix 1 is not presented fairly, in accordance with the measurement and recognition requirements (but not the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the accounting policies adopted by Parmelia Resources as disclosed in Note 1 of Appendix 1.

8. Subsequent Events

To the best of our knowledge and belief, there have been no other material items, transactions or events outside the Company's ordinary business subsequent to 31 December 2015 that require comment or adjustment to our report or that would cause such information to be misleading or deceptive.

9. Declarations and Disclosures

- i) Pendragon is the holder of an Australian Financial Services Licence (number 237 549).
- ii) Pendragon will be paid a fee based upon normal charge out rates for professional time incurred in the preparation and compilation of this report.
- iii) Pendragon has not been involved in any other aspect of the preparation of the Prospectus. Pendragon has issued its consent to include this report in the Prospectus.
- iv) This report has been prepared to provide general advice to investors only and does not take into account the specific financial needs, objectives and situation of individual investors. The giving of consent to include this report in the Prospectus should not be taken as an endorsement by Pendragon of Parmelia Resources or the offer.
- v) The Financial Services Guide from Pendragon is available to investors upon request.

Yours sincerely

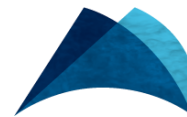


Rick Hopkins
Director



APPENDIX 1 PARMELIA RESOURCES LIMITED STATEMENT OF FINANCIAL POSITION

		Parmelia Resources Reviewed 31-Dec-15 \$	Veriluma Audited 31-Dec-15 \$	Pro Forma Unaudited (Note 1j) \$
Current Assets				
Cash and cash equivalents	2	471,460	78,151	4,374,900
Trade and other receivables		155	3,450	3,605
Other assets and receivables		28,996	14,160	43,156
Deposits		-	9,750	9,750
Total Current Assets		500,611	105,511	4,431,411
Non-Current Assets				
Property, plant and equipment		-	3,911	3,911
Intangible assets		-	455	455
Exploration and evaluation expenditure		828,674	-	828,674
Total Non-Current Assets		828,674	4,366	833,040
Total Assets		1,329,285	109,877	5,264,451
Current Liabilities				
Trade and other payables		122,772	53,620	176,392
Other liabilities and payables		10,000	26,320	36,320
Provisions		-	65,167	65,167
Borrowings	3	-	750,449	535,874
Total Current Liabilities		132,772	895,556	813,753
Total Liabilities		132,772	895,556	813,753
Net Assets		1,196,513	(785,679)	4,450,698
Equity				
Issued capital	4	6,835,205	423,109	14,360,375
Reserves	5	435,569	-	-
Retained profits	7	(6,074,261)	(1,208,788)	(1,144,213)
Corporate transaction accounting expense	6	-	-	(8,765,464)
Total Equity		1,196,513	(785,679)	4,450,698



**APPENDIX 1 PARMELIA RESOURCES LIMITED
STATEMENT OF CHANGES IN EQUITY**

	Parmelia Resources	Veriluma	Pro-forma adjustments	Pro forma after issue
	Reviewed31- Dec-15	Audited 31-Dec-15	(Note 1j)	(Note 1j)
	\$	\$	\$	\$
Balance at 1 July 2015	2,127,144	(862,237)	-	1,264,907
Profit/(loss) attributable to members of the Company	(1,399,933)	(346,451)	6,138,836	4,392,452
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the period	(1,399,933)	(346,451)	6,138,836	4,392,452
Movement in reserves	-	-	(435,569)	(435,569)
Corporate transaction accounting expense	-	-	(8,765,464)	(8,765,464)
Transactions with equity holders in their capacity as equity holders (note 4(b))	469,302	423,009	7,102,061	7,994,372
Balance	1,196,513¹	(785,679)¹	4,039,864	4,450,698

¹ At 31 December 2015.

The Statement of Changes in Equity is to be read in conjunction with the notes set out in this section.

**APPENDIX 1 PARMELIA RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant policies which have been adopted in the preparation of the historical and pro forma historical financial information (collectively referred to as the “financial statements”) are:

a) Basis of preparation

The financial statements are a special purpose financial report which has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Standards Board and the Corporations Act 2001.

They have been prepared on the basis of historical costs and do not take into account changing money values, or except when stated, current valuations of non-current assets.

The accounting policies have been consistently applied by the Company unless otherwise stated.

b) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

c) Exploration evaluation and development expenditure

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest.

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and costs are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

**APPENDIX 1 PARMELIA RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Development costs relating to an area of interest are carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period that the decision is made.

d) Payables

Trade payables and other accounts payables are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

e) Receivables

Receivables are carried at amounts due. The collectability of debts is assessed throughout the year and a specific provision is made for any doubtful accounts.

f) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of a cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, that are recoverable from, or payable to, the ATO, are classified as operating cash flows.

g) Recoverable amount of non-current assets

The carrying amounts of all non-current assets other than exploration expenditure are reviewed at least annually to determine whether they are in excess of their recoverable amount. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower value. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

h) Acquisition of assets

All assets acquired other than goodwill are initially recorded at their costs of acquisition at the date of acquisition, being the fair value of the consideration provided plus the incidental costs directly attributed to the acquisition. When equity instruments comprising share and options are issued as consideration, their market price at the date of acquisition is used to determine a fair value except when the notional price at which they could be placed in the market is a better indication of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received unless otherwise expensed.

APPENDIX 1 PARMELIA RESOURCES LIMITED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Determination of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values for the business combination have been determined for measurement and/or disclosure purposes based on Note 1j. Valuation techniques are applied to determine the fair value for all unlisted securities, including arm's length transactions, reference to similar instruments and option pricing models.

j) Business Combination

On 24 December 2015, Parmelia Resources Limited announced it had entered into a Share Sale Agreement to acquire 100% of the issued share capital in Veriluma Pty Ltd. Under the principles of AASB 3 Business Combinations, Veriluma Pty Ltd is the accounting acquirer in the business combination. Therefore, the transaction is accounted for under AASB 2 Share Based Payments as a reverse acquisition, whereby Veriluma Pty Ltd is deemed to have issued shares to Parmelia Resources Limited in exchange for the net assets held by Parmelia Resources Limited. Accordingly, the consolidated financial statements of Parmelia Resources Limited have been prepared as a continuation of the financial statements of Veriluma Pty Ltd. Veriluma Pty Ltd, as the acquirer, has accounted for the acquisition of Parmelia Resources Limited from 31 December 2015.

The consideration in a reverse acquisition is deemed to have been incurred by the legal subsidiary (Veriluma Pty Ltd) in the form of equity instruments issued to the shareholders of the legal parent entity (Parmelia Resources Limited). The acquisition date fair value of the consideration transferred has been determined by reference to the fair value of the issued shares of Parmelia Resources Limited immediately prior to the business combination. We have deemed this to be \$13,733,486.

The pre-acquisition equity balance of Parmelia Resources Limited are eliminated against the fair value increase of share capital and the balance is deemed to be the Corporate Transaction Account Expense, which is the amount paid for the ASX listing status of Parmelia Resources Limited. See Note 6 for additional details on the Corporate Transaction Accounting Expense.

Purchase consideration

The share price used to determine the consideration for the purchase of Veriluma Pty Ltd (\$0.07) is the offer price of Parmelia Resources Limited shares disclosed in the Prospectus dated 29 July 2016.

	Shares	Price	Consideration
Original number of fully paid Parmelia shares	98,981,420	\$0.07	\$6,928,699
Non-Renounceable entitlement issue	21,173,927	\$0.07	\$1,482,175
Lead manager of the Offer	3,665,883	\$0.07	\$256,612
Veriluma's Corporate Advisor	13,800,000	\$0.07	\$966,000
Consulting Fee	5,714,286	\$0.07	\$400,000
Loan repayment	2,857,143	\$0.07	\$200,000
Issued pursuant to prospectus	50,000,000	\$0.07	\$3,500,000
Total	196,192,659	\$0.07	\$13,733,486



APPENDIX 1 PARMELIA RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 2 – CASH AND CASH EQUIVALENTS

	Parmelia Resources	Veriluma	Unaudited Pro Forma
	Reviewed 31-Dec-15	Audited 31-Dec-15	
	\$	\$	\$
Cash at bank and on hand	471,460	78,151	4,374,900
Adjustments to the pro forma cash balance are summarised as follows:			
Balance as at 31 December 2015	-	-	549,611
Proceeds from the non-renounceable entitlement issue of shares	-	-	703,389
Payment of estimated capital raising costs	-	-	(428,100)
Proceeds from the issue of 50,000,000 shares at \$0.07	-	-	3,500,000
Related party loan	-	-	50,000
Unaudited pro forma cash balance	-	-	4,374,900

NOTE 3 – BORROWINGS

	Parmelia Resources	Veriluma	Unaudited Pro Forma
	Reviewed 31-Dec-15	Audited 31-Dec-15	
	\$	\$	\$
Balance pre-acquisition	-	750,449	750,449
Balance as at 31 December 2015	-	-	750,449
Loan repayment	-	-	(200,000)
Related party loan	-	-	50,000
Less write down of loan	-	-	(64,575)
Total borrowings	-	-	535,874



APPENDIX 1 PARMELIA RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 4 – ISSUED CAPITAL (net of issue costs)

(a) Reconciliation of contributed equity

	Parmelia Resources	Veriluma	Unaudited Pro Forma
	Reviewed 31-Dec-2015	Audited 31-Dec-2015	\$
	\$	\$	
Historical financial information:			
Balance pre-acquisition	6,835,205	423,109	7,258,314
Issued capital			
Non-renounceable entitlement	-	-	741,087
Lead Manager of the Offer	-	-	128,306
Veriluma's Corporate Advisor	-	-	483,000
Consulting fee	-	-	200,000
Loan repayment	-	-	200,000
Purchase consideration for 100% of Veriluma	-	-	14,200,018
Capital raising	-	-	3,500,000
Capital raising costs			
1 for 4 non-renounceable entitlement	-	-	(37,698)
Capital raising costs	-	-	(428,100)
Eliminate of existing shares PML (value)	-	-	(25,621,818)
Fair value of Parmelia Shares ¹	-	-	13,737,266
Total	6,835,205	423,109	14,360,375

¹Note 6 provides the calculation of the fair value of the Company shares.

(b) Transactions with equity holders in their capacity as equity holders

	Parmelia Resources	Veriluma	Unaudited Pro Forma
	Reviewed 31-Dec-2015	Audited 31-Dec-2015	\$
	\$	\$	
Balance pre-acquisition	469,302	423,009	892,311
Issued capital			
Non-renounceable entitlement	-	-	741,087
Lead Manager of the Offer	-	-	128,306
Veriluma's Corporate Advisor	-	-	483,000
Consulting fee	-	-	200,000
Loan repayment	-	-	200,000
Purchase consideration for 100% of Veriluma	-	-	14,200,018
Capital raising	-	-	3,500,000
Capital raising costs			
Non-renounceable entitlement	-	-	(37,698)
Capital raising	-	-	(428,100)
Fair value adjustment for PML	-	-	13,737,266
Elimination of book value PML shares	-	-	(25,621,818)
Total	469,302	423,009	7,994,372

¹Note 6 provides the calculation of the fair value of the Company shares.



APPENDIX 1 PARMELIA RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 4 – ISSUED CAPITAL (net of issue costs) (cont'd)

(c) Number of fully paid shares:

	Parmelia Resources	Veriluma	Unaudited Pro Forma
	Reviewed 31-Dec-2015	Audited 31-Dec-2015	
Original number of fully paid shares in Parmelia Resources	98,981,420	-	99,035,420
Non-Renounceable entitlement issue	-	-	21,173,927
Lead Manager of the Offer	-	-	3,665,883
Veriluma's Corporate Advisor	-	-	13,800,000
Consulting fee	-	-	5,714,286
Loan repayment	-	-	2,857,143
Purchase consideration for 100% of Veriluma	-	-	162,857,400
Issued pursuant to Prospectus	-	-	50,000,000
Total	98,981,420	-	359,104,059

NOTE 5 – OPTION RESERVE

	Parmelia Resources	Veriluma	Unaudited Pro Forma
	Reviewed 31-Dec-2015	Audited 31-Dec-2015	
	\$	\$	\$
Balance pre-acquisition	-	-	435,569
Issue of Related Party Options*	-	-	63,702
Elimination of Parmelia option reserve	-	-	(499,271)
Total	-	-	-

*Related party options have been valued at \$63,702 using the Black Scholes method



APPENDIX 1 PARMELIA RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 6 – CORPORATE TRANSACTION ACCOUNTING EXPENSE

	Parmelia Resources	Veriluma	Unaudited Pro Forma
	Reviewed 31-Dec-2015	Audited 31-Dec-2015	
	\$	\$	\$
<i>Parmelia net asset position</i>			
Opening net asset position of Parmelia	1,196,513	-	1,196,513
Cash raised from rights issue	-	-	703,389
Cash received from Prospectus	-	-	3,071,900
Total value at transaction date	1,196,513	-	4,971,802

Market value of Parmelia shares

	Number of Shares	Number of Shares	Number of Shares
Original number of fully paid Parmelia shares	98,981,420	-	99,035,420
Non-Renounceable entitlement issue	-	-	21,173,927
Lead Manager of the Offer	-	-	3,665,883
Veriluma's Corporate Advisors	-	-	13,800,000
Consulting fee	-	-	5,714,286
Loan repayment	-	-	2,857,143
Issued pursuant to Prospectus	-	-	50,000,000
Total number of shares	98,981,420	-	196,246,659

	Parmelia Resources	Veriluma	Unaudited Pro Forma
	Reviewed 31-Dec-2015	Audited 31-Dec-2015	
	\$	\$	\$
Shares valued at Prospectus issue price (\$0.07)	-	-	13,737,266

	Parmelia Resources	Veriluma	Unaudited Pro Forma
	Reviewed 31-Dec-2015	Audited 31-Dec-2015	
	\$	\$	\$
<i>Corporate Transaction Accounting Expense</i>			
Shares valued at Prospectus issue price (\$0.07)	-	-	13,737,266
Net asset position of Parmelia	-	-	(4,971,802)
Total Corporate Transaction Accounting Expense	-	-	8,765,464



APPENDIX 1 PARMELIA RESOURCES LIMITED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 7 – RETAINED PROFITS

	Parmelia Resources	Veriluma	Unaudited Pro Forma
	Reviewed 31-Dec-2015	Audited 31-Dec-2015	
	\$	\$	\$
Balance at beginning of period	(4,674,328)	(862,337)	(5,536,665)
Profit (Loss) attributable to members	(1,399,933)	(346,451)	(1,746,384)
Lead Manager of the Offer	-	-	(128,306)
Veriluma's Corporate Advisor	-	-	(483,000)
Consulting fee	-	-	(200,000)
Related Party Options	-	-	(63,702)
Loss on write down of loan	-	-	64,575
Fair value adjustments recognised on acquisition	-	-	6,949,269
Total	(6,074,261)	(1,208,788)	(1,144,213)

NOTE 8 – SUBSEQUENT EVENTS

Subsequent to 31 December 2015, there has not arisen any item or transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years other than those disclosed in and considered by these financial statements.

NOTE 9 - RELATED PARTIES

Directors

The directors in the office at the date of Prospectus are:

N Gellard	Executive Chairman
P Ellery	Non-Executive Director
J Stephenson	Non-Executive Director

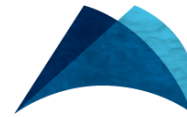
The directors in the office on Completion are:

N Gellard	Executive Director
R Anstey	Non-Executive Director and Chairman
E Whitelock	Managing Director and Chief Executive Officer

Directors' interests in shares and options

The aggregate number of shares and options in the Company held by directors and their director related entities as at date of the Prospectus are:

Director	Shares	Options	Performance Shares
N Gellard	1,544,444	6,222,219	-
P Ellery	-	750,000	-
J Stephenson	206,250	332,500	-
Total	1,750,694	7,304,719	-



APPENDIX 1 PARMELIA RESOURCES LIMITED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

The aggregate number of shares and options in the Company held by directors and their director related entities on Completion are:

Director	Shares	Options	Performance Shares
N Gellard	7,258,730	6,222,219	-
R Anstey	51,308,100	-	13,566,240
E Whitelock	45,156,000	-	12,041,600
Total	1,750,694	8,304,719	25,607,840

Loan Agreement

Tivco Pty Ltd ACN 095 269 944 a related party owning 68% of the issued capital of Veriluma, entered into a loan agreement with Veriluma on the 11 May 2016. The loan agreement was made on the following terms:

Principal - \$50,000

Interest Rate – 8% p.a.

Repayment Terms – Principal and accrued interest repaid by 31 August 2016

9. Material Contracts

9.1 Introduction

Set out below are summaries of the contracts which either the Company or Veriluma is a party which are or may be material to the operations of the Company or Veriluma or otherwise are or may be relevant to an investor in the Company who is considering participating in the Public Offer.

This Section 9 provides a summary of each contract only. The provisions of each contract are not fully disclosed. To understand fully the rights and obligations of each contract, it would be necessary to read the contracts in their entirety.

9.2 Share Sale Agreement for Proposed Acquisition

9.2.1 Background

The Company has entered into a share sale agreement (**Share Sale Agreement**) with the major shareholders of Veriluma (the **Major Shareholders**) to acquire all of the issued capital in Veriluma (**Proposed Acquisition**).

The Major Shareholders are:

- Tivisco; and
- Elizabeth Ann Whitelock,

who collectively own 90.16% of Veriluma (and respectively own 62.43% and 27.73% of Veriluma).

The Major Shareholders have agreed to sell all of their shares in Veriluma to the Company. In accordance with a Shareholders Agreement between the Veriluma Shareholders and Veriluma, the remaining shareholders are also required to sell their shares in Veriluma to the Company upon being notified by Tivisco and in any event have separately agreed to sell their shares in Veriluma to the Company on substantially the same terms as the Major Shareholders.

Set out below is a summary of the key terms of the Share Sale Agreement.

9.2.2 Consideration

In consideration for the 100% acquisition of Veriluma, the Company will issue a total of:

- 162,857,400 Shares to the Veriluma Shareholders(**Consideration Shares**); and
- 40,000,000 Performance Shares to the Veriluma Shareholders who comprise the Initial Veriluma Shareholders.

The 40,000,000 Performance Shares are separated into 3 classes (being 10,000,000 A Performance Shares, 15,000,000 B Performance Shares and 15,000,000 C Performance Shares) and convert into Shares on a 1 for 1 basis upon satisfaction of agreed Milestones and otherwise in accordance with the terms and conditions set out in Section 10.2 (**Performance Shares**).

Further details of the Consideration Shares and Performance Shares to be issued under the Share Sale Agreement are set out in Section 9.2.7.

9.2.3 Conditions Precedent

Completion of the Proposed Acquisition was or remains subject to a number of conditions precedent (**Conditions Precedent**) being satisfied (or waived), including:

- the Company obtaining all necessary shareholder and regulatory approvals, consents or waivers required for the Proposed Acquisition, including without limitation:
 - ▶ shareholder approval under Listing Rule 7.1 for the issue of the Consideration Shares and Performance Shares – which was received at the General Meeting on 13 July 2016;

- ▶ shareholder approval under Listing Rule 11.1 for the proposed change in nature and scale of activities of the Company as a result of the Proposed Acquisition - which was received at the General Meeting on 13 July 2016;
- ▶ ASX approval of the proposed terms and conditions of the Performance Shares – of which in principle approval has now been received by ASX;
- ▶ ASX granting a waiver of the "20 cent rule" in Listing Rule 2.1, condition 2 to allow the issue of Shares (including under the Public Offer) at less than 20 cents – of which in principle approval has now been received by ASX; and
- ▶ ASX providing its approval that the Company has satisfied and re-complied with the listing and quotation requirements in Chapters 1 and 2 of the Listing Rules subject only to Completion occurring and on terms satisfactory to the Company and the Major Shareholders and ASX lifting any suspension imposed on the quotation of the Company's securities;
- the Company issuing this Prospectus and successfully completing the Public Offer by 31 August 2016;
- the redemption of all outstanding amounts owing under a convertible note dated 17 January 2012 (**SJSM Convertible Note**) and the discharge of any charges or other encumbrances by 15 December 2015 – which has now been satisfied pursuant to a Deed of Compromise and Release between SJSM and Veriluma dated 14 December 2015 (**Deed of Compromise**). As contemplated by the Deed of Compromise, the Company has agreed to issue \$200,000 worth of Shares to SJSM under the SJSM Placement - further details of which are set out in Section 9.4.2;
- an employment contract being agreed by the Company and entered into with Ms Whitelock as the Chief Executive Officer of the Company – in this regard the Company and Ms Whitelock intend to enter into the Executive Employment Contract at Completion;
- Veriluma providing a business plan and budget satisfactory to the Company and issuing audited financial statements for the year ended 30 June 2015 and such other audited financial statements required to satisfy the ASX – this has now been satisfied;
- there being no material adverse event occurring in relation to the Company or Veriluma prior to Completion;
- Veriluma obtaining all third-party consents required to allow the sale of Veriluma without breaching any material contracts resulting from a change of control of Veriluma and, if required, all shareholders of Veriluma waiving any pre-emptive, participation or other rights over the issued capital of Veriluma;
- repayment of outstanding loans of up to \$485,874 between Veriluma and its shareholders from funds received from the Public Offer to the satisfaction of the Company and subject to ASX approval, or failing such ASX approval, the lenders agreeing to the loans being repayable on 30 June 2019 with an interest rate of 8% per annum;
- termination or renegotiation to the satisfaction of the Company of any related party transactions that are not on arm's length commercial terms – this has now been satisfied;
- all other debt owed by Veriluma being repaid or forgiven with all encumbrances and securities released and discharged; and
- the Company simultaneously acquiring at Completion all of the issued capital of Veriluma from all of the Veriluma Shareholders.

9.2.4 Termination

The Company and the Major Shareholders may terminate the Share Sale Agreement prior to Completion by giving written notice if, amongst other things:

- there is a breach of a material term of the Share Sale Agreement;
- any of the warranties given by a party is or becomes false or inaccurate (except as previously disclosed);

- a material adverse effect occurs in relation to either Veriluma or the Company, being a material adverse change in the business, assets, liabilities or financial condition or prospects of Veriluma or the Company (as applicable), including a material breach of warranties or a material breach or default of a material contract; or
- there is a cessation of business or substantial part of the business of either Veriluma or the Company.

9.2.5 Completion

Completion of the Proposed Acquisition will occur on the date that is 5 business days after satisfaction or waiver of the last of the Conditions Precedent, or such other date as agreed by the parties.

9.2.6 Board Composition

At Completion, the Company will, subject to receiving consents to act, procure that Mr Richard Anstey and Ms Whitelock are appointed as Directors with effect from Completion.

Messrs Peter Ellery and Jay Stephenson will resign as Directors at Completion. Mr Nigel Gellard will remain on the Board, but will continue on and from Completion as a Non-Executive Director.

9.2.7 Details of Veriluma Shareholders

Details of the Veriluma Shareholders and the Consideration Shares and Performance Shares to be issued to the Veriluma Shareholders (or their nominees) under the Vendor Placements and in accordance with the Share Sale Agreement are set out below:

Veriluma Shareholder	Consideration Shares to be issued	Performance Shares to be issued		
		Class A	Class B	Class C
Corby Investments Pty Ltd as trustee for the Anstey Family Trust*	50,835,900	3,389,060	5,083,590	5,083,590
Maneki Pty. Ltd. as trustee for the Hammond Family Trust	50,835,900	3,389,060	5,083,590	5,083,590
Elizabeth Ann Whitelock	45,156,000	3,010,400	4,515,600	4,515,600
Simon Pope and Gillian Corkeron	1,662,600	110,840	166,260	166,260
Clarity Consulting Pty Ltd as trustee for the M&S Taylor Family Trust	232,800	15,520	23,280	23,280
Christopher Edward Burnett	332,400	22,160	33,240	33,240
Tjurunga Pty Ltd	472,200	31,480	47,220	47,220
Corby Investments Pty Ltd as trustee for The Anstey Family Trust	472,200	31,480	47,220	47,220
OTHER VERILUMA SHAREHOLDERS	12,857,400	Nil	Nil	Nil
Total	162,857,400	10,000,000	15,000,000	15,000,000

*Corby Investments Pty Ltd as trustee for the Anstey Family Trust is a related entity of a Proposed Director, being Mr Richard Anstey.

9.3 Material contracts of Veriluma

The Directors consider that the contracts summarised in this Section 9.3 are significant or material to Veriluma and that an investor may wish to know their key details in deciding whether to invest in the Company. These summaries are not complete and are qualified by the text of the contracts themselves.

9.3.1 Department of Defence Contract – Source IT Licence and Support Contract

(a) Summary

On 24 October 2012, Veriluma granted a worldwide non-exclusive perpetual commercial licence to the Commonwealth Department of Defence for 42 users to use the Veriluma software in both an operational environment and a testing and development environment. Veriluma also agreed to provide related support services for a maintenance period of 2 years post the first year of deployment and training. This contract generated income for Veriluma through licence fees and services charges, which over financial year 2012 to financial year 2015 amounted to \$458,370 (including 10% GST).

(b) Key terms

The contracted licence and maintenance support services term was for a fixed term of three years which expired in 2015. The Department of Defence for this term paid in advance a fixed licence fee of \$310,610 (including 10% GST) and total service charges of \$147,760 (including 10% GST).

The Veriluma software continues to be used by the Commonwealth Department of Defence under a royalty free perpetual licence surviving the fixed term of the contract for up to 42 users.

(c) Currency and renewal

The contract expired in 2015 and Veriluma's right to charge licence fees and maintenance service charges has now ceased. However, the Department of Defence continues to assess its future uses of the Veriluma software. Veriluma remains an approved Department of Defence project partner.

(d) Related party agreement

This contract is not a related party agreement.

9.3.2 Tyndall Capital Agreement – Co-operation Agreement

(a) Summary

In September 2014, Veriluma entered into a co-operation joint venture agreement with Tyndall Capital Pty. Ltd. ACN 154 750 268 (**Tyndall Capital**) to develop and commercialise credit risk assessment software, owned jointly by the parties, and to be used within Tyndall Capital's P2P (peer-to-peer) lending platform, MarketLend (**MarketLend Software**). The software is designed to assess the credit risk of, and assigns a level of risk to, a borrower that can be used by a lender to provide an opinion on the likelihood of repayment. Tyndall Capital is yet to commercialise the MarketLend Software in a manner that generates material revenue or profit for Veriluma.

At the date of this Prospectus, it is Veriluma's contention is that the Co-operation Agreement does not properly cover all matters that the agreement should cover (including its preferred business model for the MarketLend application going forward) and that the parties should re-negotiate the terms of the Co-operation Agreement into a more comprehensive agreement which would replace the terms of the existing Co-operation Agreement. The parties have been in negotiations, however as at the date of this Prospectus a new agreement has not been entered into. No guarantee or assurance can be given by the Company that this will occur.

In the event that a new agreement is not renegotiated and entered into to replace the Co-operation Agreement, Veriluma will continue to perform its obligations under the existing Co-operation Agreement as the basis of the joint venture to govern the ownership and commercialisation of the MarketLend application.

(b) Key terms

At the date of this Prospectus, each party's participating interest in the joint venture is 50% which is adjusted over time based on contribution payments made by the parties towards the commercialisation of the MarketLend Software.

The MarketLend Software is jointly owned by the parties in proportions equal to their participating interests in the joint venture.

Tyndall Capital is licensed to use the MarketLend Software developed by Veriluma under the agreement for credit risk assessment.

Neither party can terminate the agreement early for convenience. Neither party can use the developed MarketLend Software in competition with the other party without the other party's consent.

Nothing in the agreement conveys to Tyndall any title or rights in Veriluma's software.

(c) **Currency and renewal**

The agreement is current at the date of this Prospectus and is non-renewable.

(d) **Joint venture agreement**

The agreement formed between the parties is in the nature of an unincorporated joint venture between Veriluma and Tyndall Capital. At the date of this Prospectus, Veriluma is entitled to 50% of the assets and 50% of the net profit generated by the joint venture. Under the agreement, the parties have successfully developed and successfully tested a proof of concept credit rating engine, which has been incorporated into jointly-owned credit risk assessment software, which is now deployed and used by Tyndall Capital in its P2P lending platform, MarketLend. Revenues to Veriluma from this source have commenced but are at present nominal. A business model for Veriluma to derive revenue from this source is being negotiated by Veriluma and Tyndall. At the date of this Prospectus, the parties are yet to reach agreement on the business model to commercialise the MarketLend Software.

(e) **Related party agreement**

This agreement is not a related party agreement.

9.3.3 Oniqua Licence

(a) **Summary**

On 26 March 2016, Veriluma granted a worldwide non-exclusive commercial licence to Oniqua Pty Ltd ACN 098 250 063 and its related bodies corporate (**Oniqua**), to use the Veriluma software to create an enhanced version of Oniqua's mining and utilities inventory management software and to provide related services to Oniqua's customers. This contract is anticipated to generate ongoing income for Veriluma through subscription fees and royalties – refer below.

(b) **Key terms**

The initial licence term under the contract is two years from 26 March 2016, with the contract to then continue from year to year unless terminated earlier. Oniqua can terminate the contract early for convenience on 90 days' notice.

Oniqua has agreed to pay to Veriluma subscription fees of \$4,150 per user per month. Oniqua has also agreed to pay to Veriluma royalties equal to 15% of consultancy fees, and equal to 30% of licence fees, generated from the Combined Products.

In March 2016, Oniqua paid a non-refundable sum of \$18,000 to be applied towards any royalties to be paid to Veriluma on or before 31 December 2016.

CPI adjustments to the subscription fees are to occur on 26 March of each year. Veriluma can also initiate commercial reviews of the contract, including as to price, every six months and then request a meeting to renegotiate the contract.

(c) **Currency and renewal**

This contract is current at the date of this Prospectus, and automatically renews from year to year after the initial two-year licence term, unless earlier terminated.

(d) **Related party agreement**

This contract is not a related party agreement.

9.3.4 Global Business Resilience Licence

(a) **Summary**

On 1 April 2016, Veriluma granted a worldwide non-exclusive commercial licence to IBRMS Pty Ltd (ACN 168 714 798), trading as Global Business Resilience and its related bodies corporate (**Global Business Resilience**), to use the Veriluma software for the creation of software applications for threat assessment as it pertains to political, social, economic, environmental and security risks in complex and hostile environments and for the provision of related services.

(b) **Key terms**

The initial licence term is two years from 1 April 2016, with the contract to then continue from year to year unless terminated earlier. Global Business Resilience can terminate the contract early for convenience on 90 days' notice.

Global Business Resilience has agreed to pay to Veriluma royalties equal to 15% of the consultancy fees, and equal to 30% of other gross revenue, generated from the Combined Products.

Veriluma can initiate commercial reviews of the contract, including as to price, every six months and then request a meeting to renegotiate the contract.

(c) **Currency and renewal**

This contract is current at the date of this Prospectus, and automatically renews from year to year after the initial two-year licence term, unless earlier terminated.

(d) **Related party agreement**

This contract is not a related party agreement.

9.3.5 RPMGI Licence

(a) **Criticality**

On 5 April 2016, Veriluma granted a worldwide non-exclusive commercial licence to RPM Group International Pty Ltd (ACN 153 361 258) and its related bodies corporate (**RPMGI**), to use the Veriluma software to create an enhanced version of RPMGI's marketing and sales analytics software and for the provision of related services to RPMGI's customers.

(b) **Key terms**

The initial licence term is two years from 5 April 2016, with the contract to then continue from year to year unless terminated earlier. RPMGI can terminate the contract early for convenience on 90 days' notice.

RPMGI has agreed to pay to Veriluma subscription fees of \$50 per user per month. RPMGI has also agreed to pay to Veriluma royalties equal to 15% of the consultancy fees, and equal to 30% of other gross revenue, generated from the Combined Products.

CPI adjustments to the subscription fees are to occur on 5 April of each year. Veriluma can also initiate commercial reviews of the contract, including as to price, every six months and then request a meeting to renegotiate the contract.

(c) Currency and renewal

This contract is current at the date of this Prospectus, and automatically renews from year to year after the initial two-year licence term, unless earlier terminated.

(d) Related party agreement

This contract is not a related party agreement.

9.3.6 Legal Logix

At the date of this Prospectus, Veriluma and Templetons Legal & Consulting Pty Ltd have incorporated an Australian proprietary limited company known as Legal Logix Pty Ltd (ACN 605 594 394) (**Legal Logix**). Legal Logix has no prior trading history. It is equally owned by the parties and has been formed for the purpose of establishing an early stage joint venture to develop software applications for a global legal market, with an initial focus on family law settlements to support the self-represented as well as to produce a rapid, objective assessment (brief) of cases for lawyers.

At the date of this Prospectus, there has been no formal agreement entered into by the parties and no commercial or legal terms have been agreed by the parties.

9.3.7 Corporate Advisor Mandate with InSync Equities

(a) Criticality

On 3 December 2015, Veriluma engaged InSync Equity Services Pty Ltd (**InSync**) as its corporate advisor (**InSync Mandate**).

(b) Key terms

Under the terms of the InSync Mandate, InSync is to identify companies that could be used as a vehicle and negotiate an agreement to back-door list Veriluma on the ASX, as well as working with Veriluma to ensure re-compliance with Chapters 1 and 2 of the Listing Rules.

Where a suitable vehicle was found and a transaction is successfully completed, 13,800,000 Shares in the target vehicle will be issued to InSync or its nominees as a success fee.

(c) Currency and renewal

The term of the InSync Mandate is 1 October 2015 to 30 September 2016.

(d) Related party agreement

This contract is not a related party agreement.

9.4 Veriluma Funding Arrangements

9.4.1 Secured Loan Facility from the Company

Pursuant to a Further Amended and Restated Binding Secured Loan Facility Agreement dated 7 April 2016 (**Facility Agreement**), the Company has agreed to provide funding to Veriluma of up to \$330,000 for the purpose of working capital and to provide funding for the further commercialisation of Veriluma's patented software technology.

The key terms of the Facility Agreement are set out below:

- the Company has agreed to lend a maximum of \$330,000 for the purpose of working capital and further commercialisation of the Patents;
- as security for repayment of amounts owing under the Facility Agreement, Veriluma has provided security to the Company in the form of security deed over all of the present and after acquired property of Veriluma, including the Patents;

- interest accrues daily on amounts owing under the Facility Agreement and is payable at the rate of 7.00% per annum;
- Veriluma must repay all outstanding amounts under the Facility Agreement, including interest, by 31 October 2016 (or such other date as agreed by the parties) – unless Completion of the Proposed Acquisition occurs first whereby all outstanding moneys will be forgiven and deemed to be repaid in full; and
- if an event of default occurs prior to Completion (including a default under the Share Sale Agreement in relation to the Proposed Acquisition), all moneys may be declared immediately due and payable by the Company.

9.4.2 Convertible Note - SJSJ

In addition, Veriluma had historically received funding under the SJSJ Convertible Note between Veriluma and SJSJ. It is a Condition Precedent to the Proposed Acquisition that all loans and interest payable by Veriluma under the SJSJ Convertible Note be repaid and discharged prior to Completion.

Pursuant to a Deed of Compromise between Veriluma and SJSJ dated 14 December 2015, it was agreed that all amounts owing under the SJSJ Convertible Note would be settled for \$500,000 which would be repaid by:

- Veriluma repaying \$300,000 cash to SJSJ which occurred on 15 December 2015; and
- Veriluma procuring that the Company issue \$200,000 of Shares at the same Offer Price as the Public Offer.

As contemplated by the Deed of Compromise, the Company will offer under this Prospectus 2,857,143 Shares to SJSJ under the SJSJ Placement.

9.4.3 Shareholder Loans - Acknowledgment and Variation Deed

The following loans have historically been extended to Veriluma by its shareholders (or entities related to them) in the following amounts, as at 31 December 2015:

Lender	Amount \$
Ms Elizabeth Ann Whitelock	79,211
Maneki Pty. Ltd.	249,615
Corby Investments Pty Ltd as trustee for the Anstey Family Trust	73,038
IQ Capital Management Pty Ltd (a company in which Mr Richard Anstey has a 50% interest)	8,988
Tivisco	75,022
Total	485,874

(collectively the **Veriluma Shareholder Loans**).

The Veriluma Shareholder Loans were provided by the lenders to provide finance for the development, exploitation and protection of Veriluma's intellectual property rights. The amounts of the Veriluma Shareholder Loans have been expressly acknowledged by the relevant lenders and Veriluma in an Acknowledgment and Variation Deed dated 9 May 2016 (**Acknowledgment Deed**).

Under the Acknowledgement Deed, both the lenders and Veriluma acknowledge that if Completion occurs then:

- interest will accrue on the Veriluma Shareholder Loans at a reduced rate of 8% per annum from the date the Veriluma Shareholder Loans were advanced;
- the total amount owing under the Veriluma Shareholder Loans as at 31 December 2015 is \$485,874; and
- any amounts still owing at Completion under the Veriluma Shareholder Loans may be repaid by the Company on behalf of Veriluma from proceeds of the Public Offer subject to ASX approval.

If ASX does not approve repayment of the Veriluma Shareholder Loans from proceeds of the Public Offer, then the lenders and Veriluma have agreed under the Acknowledgment Deed that the Veriluma Shareholder Loans will remain due and payable by Veriluma with a repayment date of 30 June 2019 and an interest rate of 8% per annum. The Veriluma Shareholder Loans cannot be repaid earlier without the consent of the Company.

Subject to ASX approval, as noted in the use of funds table in Section 6.10, the Company has agreed that the Veriluma Shareholder Loans which remain outstanding at Completion will be paid out by the Company on behalf of Veriluma from the proceeds of the Public Offer.

9.4.4 Tivso Loan Agreement

Pursuant to an unsecured loan agreement dated 12 May 2016, one of the Major Shareholders, being Tivso, entered into a loan agreement with Veriluma.

At the date of this Prospectus, the loan amount has been fully drawn by Veriluma at \$50,000. Interests is payable at 8% per annum. The loan must be repaid by Veriluma by 31 August 2016 or such other date agreed by the parties.

9.5 Material contracts of Parmelia

The Directors consider that the contracts summarised in this section are significant or material to the Company and that an investor may wish to know their key details in deciding whether to invest in the Company. These summaries are not complete and are qualified by the text of the contracts themselves.

9.5.1 Lead Manager Mandate

On 26 April 2016, the Company engaged K S Capital Pty Ltd (**K S Capital**) (ACN 124 761 557 and AFSL No. 316880) as Lead Manager of the Public Offer.

(a) Participation and role of K S Capital

Pursuant to the Lead Manager Mandate, K S Capital will undertake the following as part of their role as Lead manager:

- provide input and advice, where appropriate, concerning the key commercial decisions related to capital requirements and issue pricing.
- provide input to drafting and review of the formal documentation, including the Notice of Meeting, Explanatory Memorandum, and Prospectus.
- provide input to appropriate investment presentation materials and associated literature for the purpose of market roadshows.
- introduce additional brokers, advise on and assist in co-ordinating broker interface.
- as part of a formal roadshow, assist in delivering appropriate presentations to select retail brokers, institutional and potential strategic investors.
- monitoring of responses and facilitation / provision of follow up information.
- lead manage the capital raising and in that capacity:
 - ▶ assist in managing the book-build; and
 - ▶ assist the Company, on a best endeavours basis, to procure sufficient applications by value and number in order to satisfy the re-admission requirements of ASX and successfully complete the Public Offer.

(b) Remuneration for K S Capital

Under the terms of the Lead Manager Mandate, the Company has agreed to pay to K S Capital fees as follows:

- lead management fee of 1% of total funds raised under the Public Offer;

- brokerage fee of 5% of total funds received under the Public Offer.

Such fees are exclusive of GST.

The Company will also issue the Lead Manager 3,665,883 Shares under the Advisors Placements.

(c) Termination

K S Capital may terminate the Lead Manager Mandate with the Company at any time by issuing a notice of termination, in which event K S Capital will be entitled to be paid fees and expenses that have accrued to date of termination.

The Company may also terminate these arrangements by giving K S Capital notice of termination subject to the payment of all outstanding and contingent fees and expenses and the indemnity remaining in full force after these arrangements are terminated.

9.5.2 Executive Service Contract – CEO Whitelock

At Completion, Ms Elizabeth Whitelock will enter into an executive employment contract (**Executive Employment Contract**) with the Company and will be employed, with effect from Completion, as the Company's Managing Director and Chief Executive Officer. Details of this contract can be found in section 5.5.3 of this Prospectus.

9.5.3 Jaurdi Hills Joint Venture Agreement

On 22 July 1991, JH Mining, Coolgardie Gold NL and Curtin Mining NL entered into a joint venture agreement (**Jaurdi Hills Joint Venture Agreement**) for the purposes of exploring, developing and exploiting mineral ores within the area of land the subject of the tenements held by each of the parties from time to time (**Jaurdi Hills Joint Venture**).

The Joint Venture Agreement is on standard commercial terms and includes the following material clauses:

(a) Expenditure Stages

The Joint Venture Agreement provided for various expenditure stages which over the life of the agreement have now completed except for Stage 3 and 4.

The expenditure stages included:

- (i) **Stage 1:** Coolgardie Gold NL and Curtin Mining NL must each contribute a minimum of \$25,000 to joint venture expenditure. This stage has completed;
- (ii) **Stage 2:** Coolgardie Gold NL and Curtin Mining NL must contribute a further \$150,000 to joint venture expenditure, with JH Mining free carried as to its 10% interest in the joint venture. This stage has completed.

At the end of Stage 2, the parties' joint venture interests were held as follows:

- (1) JH Mining Pty Ltd: 10%
- (2) Coolgardie Gold NL: 45%
- (3) Curtin Mining NL: 45%
- (iii) **Stage 3:** Coolgardie Gold NL and Curtin Mining NL must contribute not less than \$100,000 per year (or such lesser sum as may be unanimously agreed by the joint venturers) on joint venture activities such as exploration, feasibility studies and mining development, proportionate to their respective joint venture interests from time to time, with JH Mining Pty Ltd free carried as to its 10% interest in the joint venture. This stage shall continue until the contributions made to joint venture expenditure by Coolgardie Gold NL and Curtin Mining NL on behalf of JH Mining Pty Ltd (together with interest per annum of 2% over the Commonwealth Bank Prime Rate) have been repaid in full from JH Mining joint venture share of profits arising from production by the Joint Venture. This stage has not yet completed; and

(iv) **Stage 4:** All Joint Venture parties shall contribute to joint venture expenditure in accordance with their joint venture interests.

(b) **Manager**

The parties appointed Coolgardie Gold NL as the manager of the Joint Venture. The manager may charge the Joint Venture with all reasonable costs incurred by the manager in the performance of its obligations under the Joint Venture Agreement.

(c) **Assignment and Transfer**

A party to the Joint Venture may sell, assign or transfer its interests in the Joint Venture to a third-party subject to first offering to sell such interests to the other parties to the Joint Venture at the same price and consideration and upon on the same terms as offered by the third-party. The offer must remain open for acceptance for 90 days. If not accepted, the selling party may proceed to sell its interest in the Joint Venture to the third-party within 30 days.

(d) **Withdrawal and Termination**

A party to the Joint Venture may withdraw from the Joint Venture by giving the other parties 30 days written notice. All Joint Venture property of the party so withdrawing will become the property of the other parties in proportion to their interests in the Joint Venture. The withdrawing party will remain liable to perform its expenditure obligations up to the date of withdrawal.

By an agreement dated 31 July 1998, Coolgardie Gold NL and Curtin Mining NL sold their interest in the Joint Venture to Toro who assumed the obligations of Coolgardie Gold NL and Curtin Mining NL under the Jaurdi Hills Joint Venture.

In October 2010, the Company acquired 100% of the issued capital of Toro from Matador Mining Pty Ltd.

10. Additional information

10.1 Rights and liabilities attaching to Shares

The following is a summary of the more significant rights and liabilities of the holders of Shares. 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. The provisions of the Constitution relating to the rights attaching to the Shares must be read subject to the Corporations Act and other statutory law, the Listing Rules and general law.

This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities attaching to Shares. To obtain such a statement, persons should seek independent legal advice.

10.1.1 Ranking

The Shares will be fully paid ordinary shares and will rank equally in all respects with the existing fully paid ordinary shares in the Company.

10.1.2 Reports and notices

Members are entitled to receive all notices, reports, accounts and other documents required to be sent to members under the Constitution and the Corporations Act.

10.1.3 General meetings

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Company's Constitution, the Corporations Act or the Listing Rules.

Members are entitled to receive at least 28 days' notice of a general meeting and to attend and vote at general meetings.

Members are entitled to be present in person, or by proxy, attorney or representative (where the member is a body corporate) to speak and to vote at general meetings of the Company. Members may requisition general meetings in accordance with the Corporations Act and the Constitution.

10.1.4 Voting

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

- each member entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a member or a proxy, attorney or representative of a member has one vote; and
- on a poll, every person present who is a member or a proxy, attorney or representative of a member 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 the share, but in respect of partly paid shares, shall have a fraction of a vote for each partly paid share. 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). Amounts paid in advance of a call are ignored when calculating the proportion.

Where there are two or more joint holders of the Shares, the vote of the senior who tenders a vote, whether in person or by proxy, attorney or representative, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of shareholders.

A poll may be demanded by the Chairman, or by at least 5 members present and entitled to vote at the general meeting, or by a member or members present and with at least 5% of the votes that may be cast on the resolution on a poll.

10.1.5 Dividends

Subject to the rights of persons (if any) entitled of shares with special rights to dividend, the Directors may declare a dividend in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the members of such a dividend.

No dividend shall carry interest as against the Company.

No Shares with special dividend rights are currently on issue.

10.1.6 Winding up

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

Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, shares classified by the ASX as restricted securities at the time of the commencement of the winding up shall rank in priority after all other shares.

Subject to the rights of Shareholders (if any) entitled to Shares with special rights in a winding-up, all moneys and property that are to be distributed among Shareholders on a winding-up, shall be so distributed in proportion to the Shares held by them respectively, irrespective of the amount paid-up or credited as paid up on the Shares.

10.1.7 Transfer of shares

Subject to the Constitution and to any restrictions attached to a member's Shares, a member may transfer any of the member's Shares by a proper ASX settlement transfer, a written transfer in any usual form, or in any other form approved by the Directors.

The Company may decline to register a transfer of Shares in the circumstances described in the Company's Constitution and where permitted to do so under the Listing Rules if:

- the Company has a lien on the Shares the subject of the transfer;
- the Company is served with a court order that restricts a member's capacity to transfer the Shares;
- registration of the transfer may break an Australian law;
- if the transfer is paper-based, either a law related to stamp duty prohibits the Company from registering it;
- registration of the transfer will create a new holding which at the time the transfer is lodged is less than a marketable parcel;
- if the transfer does not comply with the terms of any employee incentive scheme of the Company; or
- the member has agreed in writing to the application of a holding lock (which must not breach an ASX Settlement Operating Rule) or that the Company may refuse to register a paper-based transfer.

If the Company declines to register a transfer, the Company must, within five business days after the transfer is lodged with the Company, give the lodging party written notice of the refusal and the reasons for refusal. The Directors must decline to register a transfer of Shares when required by law, by the Listing Rules or by the ASX Settlement Business Rules.

10.1.8 Future increases in capital

The Directors may, on behalf of the Company, issue, grant options over, or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Company's Constitution, the Listing Rules, the Corporations Act and any rights for the time being attached to the shares in special classes of shares.

A Director or any person associated with a Director must not participate in an issue by the Company of equity instrument unless the participation of the Director or the person associated with a director in the issue is permitted under the Listing Rules.

10.1.9 Variation of rights

Pursuant to 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. At present, the Company has on issue one class of shares only, namely ordinary shares.

The rights attached to the shares in any class may be altered only by a special resolution of the Company and a special resolution passed at a separate meeting of the holders of the issued shares of the affected class, or with the written consent of the holders of at least three quarters of the issued shares of the affected class.

10.1.10 Alteration of share capital

The Company may reduce its share capital subject to, and in accordance with, the Corporations Act and the Listing Rules.

When the Company reduces its capital it may return capital arising from the reduction by either a distribution of money to members or the distribution of specific assets to members (including without limitation, paid up shares or other securities of a body corporate other than the Company).

The Company may buy back Shares subject to, and in accordance with, the Corporations Act and the Listing Rules.

10.1.11 ASX Listing Rules

The Constitution contains certain provisions required under the ASX Listing Rules to ensure consistency with the ASX Listing Rules, including that if there is any inconsistency between the provisions of the Constitution and the ASX Listing Rules then the Constitution is deemed not to contain that provision to the extent of the inconsistency.

10.2 Terms and conditions of Performance Shares

10.2.1 Conversion

The Performance Shares will convert into Shares in accordance with this clause 10.2.1.

(a) Conversion milestones and ratio

Subject to clause 10.2.1(d), upon the satisfaction of the Milestone in respect of a particular class of Performance Shares before the Expiry Date, each Performance Share of that class will automatically convert into one Share.

(b) Conversion on Change of Control Event

Subject to clause 10.2.1(d), upon the occurrence of a Change of Control Event:

- (i) where the total number of Performance Shares on issue at the date of the Change of Control Event is less than or equal to 10% of the total number of Shares on issue, each Performance Share will automatically convert into one Share; and
- (ii) where the total number of Performance Shares on issue at the date of the Change of Control Event is greater than 10% of the total number of Shares on issue:

- (1) that number of Performance Shares that, after conversion, is equal to 10% of the issued Share capital of the Company as at the date of the Change of Control Event will automatically convert into Shares;
- (2) the Company will allot the Shares issued under clause 10.2.1(b)(ii)(1) on a pro-rata basis to the Performance Shareholders; and
- (3) any Performance Shares that are not converted into Shares in accordance with clause 10.2.1(b)(ii)(1) will continue to be held by the Performance Shareholders on the same terms and conditions.

(c) **Lapse after Expiry Date**

If, on the Expiry Date:

- (i) the Milestone affecting the A Performance Shares has not been satisfied, all of the A Performance Shares held by the relevant holder will convert into one Share;
- (ii) the Milestone affecting the B Performance Shares has not been satisfied, all of the B Performance Shares held by each holder will convert into one Share; and
- (iii) the Milestone affecting the C Performance Shares has not been satisfied, all of the C Performance Shares held by each holder will convert into one Share.
- (iv) If, before the Expiry Date, an event occurs which renders the Milestone in respect of a Performance Share incapable of satisfaction (**Failure Event**), the Company may apply the conversions referred to in clause 10.2.1(c)(i) on the date the Failure Event occurs.

(d) **Takeover provisions**

- (i) If the conversion of Performance Shares (or part thereof) under clauses 10.2.1(a) or 10.2.1(b) would result in any person being in contravention of Section 606(1) then the conversion of each Performance Share that would cause the contravention will be deferred until such time or times thereafter that the conversion would not result in a contravention of Section 606(1).
- (ii) The Performance Shareholders will give notification to the Company in writing if they consider that the conversion of Performance Shares (or part thereof) under clauses 10.2.1(a) or 10.2.1(b) may result in the contravention of Section 606(1), failing which the Company will assume that the conversion of Performance Shares (or part thereof) under clauses 10.2.1(a) or 10.2.1(b) will not result in any person being in contravention of Section 606(1).
- (iii) The Company may (but is not obliged to) by written notice request the Performance Shareholders to give notification to the Company in writing within seven days if they consider that the conversion of Performance Shares (or part thereof) under clauses 10.2.1(a) or 10.2.1(b) may result in the contravention of Section 606(1). If the Performance Shareholders do not give notification to the Company within seven days that they consider the conversion of Performance Shares (or part thereof) under clauses 10.2.1(a) or 10.2.1(b) may result in the contravention of Section 606(1), the Company will assume that the conversion of Performance Shares (or part thereof) under clauses 10.2.1(a) or 10.2.1(b) will not result in any person being in contravention of Section 606(1).

(e) **After conversion**

The Shares issued on conversion of any Performance Shares will, as and from 5.00pm (AWST) on the date of issue, rank equally with and confer rights identical with all other Shares then on issue.

10.2.2 Issue of Shares for no consideration

Upon conversion of the Performance Shares, the Company must as soon as practicable (and, in any event, no later than 10 business days after the conversion event has occurred):

- (a) issue Shares to the holder of the Performance Shares or its nominees for nil consideration;
- (b) apply to ASX for quotation of the Shares issued; and
- (c) record the issue in the manner required by the Corporations Act and the Listing Rules.

10.2.3 Dividends

Performance Shareholders are not entitled to a dividend on their Performance Shares.

10.2.4 Reconstruction

In the event of any reconstruction, consolidation or division of the issued capital of the Company, the Performance Shares and their terms of conversion will be reconstructed, consolidated or divided in the same manner such that no additional benefits are conferred on the Performance Shareholders by virtue of such reconstruction, consolidation or division.

10.2.5 Winding up

If the Company is wound up before conversion of all of the Performance Shares into Shares, the Performance Shareholders will have no right to participate in surplus assets or profits of the Company on winding up in respect of their Performance Shares.

10.2.6 Non-transferable

The Performance Shares are not transferable.

10.2.7 Copies of notices and reports

The Performance Shareholders have the same right as Shareholders to receive notices, reports and audited accounts.

10.2.8 Voting rights

Subject to the Corporations Act, the Performance Shareholders will have no right to vote in respect of their Performance Shares.

10.2.9 Participation in new issues

There are no participation rights or entitlements inherent in the Performance Shares and Performance Shareholders will not, in respect of their Performance Shares, be entitled to participate in new issues of capital offered to Shareholders.

10.2.10 Quotation

The Performance Shares will remain unquoted. No application for quotation of the Performance Shares will be made by the Company.

10.2.11 Escrow

The Performance Shareholders must comply with all escrow restrictions imposed by ASX (including executing any restriction agreements required by ASX) in respect of the Performance Shares or Shares issued on conversion of the Performance Shares.

10.3 Terms and conditions of Existing Options

10.3.1 Unlisted Options

Terms and conditions	Option Series					
	Granted 15 November 2013	Granted 15 November 2013	Granted 30 September 2014	Granted 3 December 2014	Granted 18 December 2014	Granted 12 December 2014
1. Number Issued	15,941,667	4,500,000	2,836,000	3,143,125	4,000,000	4,500,000
2. Exercise Price	\$0.15	\$0.065	\$0.05	\$0.05	\$0.05	\$0.064
3. Expiry Date	15 Nov 2016	31 Oct 2016	30 May 2017	30 May 2017	30 May 2017	31 Oct 2017
4. Entitlement	Each Option entitles the holder to subscribe for one Share upon exercise of the Option.					
5. Exercise Period	The Options are exercisable at any time on or prior to the Expiry Date (Exercise Period).					



Terms and conditions	Option Series					
	Granted 15 November 2013	Granted 15 November 2013	Granted 30 September 2014	Granted 3 December 2014	Granted 18 December 2014	Granted 12 December 2014
6. Notice of Exercise	The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (Notice of Exercise) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.					
7. Exercise Date	A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (Exercise Date).					
8. Timing of issue of Shares on exercise	Within 15 Business Days after the later of the following: (i) the Exercise Date; and (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information, but in any case no later than 20 Business Days after the Exercise Date, the Company will: (iii) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options. If a notice delivered under (iv) above for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.					
9. Shares issued on exercise	Shares issued on exercise of the Options rank equally with the then issued shares of the Company.					
10. Quotation of Shares issued on exercise	If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.					
11. Reconstruction of capital	If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.					
12. Participation in new issues	There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.					
13. Change in exercise price	An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.					
14. Transferability	The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.					

10.3.2 ASX Quoted Options

Grant Date	8 August 2014
Number Issued	34,375,384
Exercise Price	\$0.05
Expiry Date	30 May 2017

These Options were issued on the following terms and conditions:

- (a) Each Option will entitle the holder to subscribe for one Share at an exercise price of \$0.05.
- (b) The Options in this series are exercisable at any time on or before 5.00pm (AWST) on 30 May 2017 wholly or in part by delivering a duly completed form of notice of exercise to the Company, accompanied by payment of the exercise moneys. A notice of exercise is only effective when the Company has received the full amount of the exercise moneys in cleared funds.
- (c) All Shares issued on exercise of the Options will rank equally in all respects with the Company's then existing Shares.
- (d) The Options are freely transferable.
- (e) Application was made to ASX for official quotation of these Options. However, the Options have been suspended from quotation since the date of the General Meeting and will not be reinstated to quotation until Completion. Application will be made to ASX for official quotation of all Shares issued pursuant to the exercise of these Options not later than 10 business days after the date of issue.
- (f) Holders of these Options may only participate in new issues of securities as Shareholders if an Option has been exercised and a Share has been issued in respect of the Option before the record date for determining entitlements to the issue. The Company must give at least 4 business days' notice to holders of any Options in this series before the record date for determining entitlements to the issue in accordance with the Listing Rules. This will give the holder of Options in this series the opportunity to exercise their Options prior to the record date for the new issue.
- (g) There will be no change to the exercise price of an Option in this series or the number of Shares over which an Option is exercisable in the event of the Company making a pro rata issue of Shares or other securities to the holders of Shares (other than for a bonus issue, see further details in paragraph 10.3.2(h) below).
- (h) If there is a bonus issue to Shareholders (**Bonus Issue**), the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue (**Bonus Shares**). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other Shares of that class at the date of issue of the Bonus Shares.
- (i) If, prior to the expiry of any Options in this series, there is a reorganisation of the issued capital of the Company, the Options shall be reorganised in the manner set out in the Listing Rules.

10.4 Terms and conditions of New Options under Director Placements

10.4.1 Entitlement

Each New Option entitles the holder to subscribe for one Share upon exercise of the New Option.

10.4.2 Exercise Price

Subject to paragraph 10.4.10, the amount payable upon exercise of each New Option will be that amount that is 145% of the 10 day volume weighted average price (**VWAP**) prior to the date of the Meeting (**Exercise Price**). The exercise price has been determined by the Company as at 15 July to be \$0.1093 cents per Share.

10.4.3 Expiry Date

Each New Option will expire at 5:00pm (AWST) three years from the date of issue (**Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

10.4.4 Exercise Period

The New Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

10.4.5 Notice of Exercise

The New Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the New Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each New Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

10.4.6 Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each New Option being exercised in cleared funds (**Exercise Date**).

10.4.7 Timing of issue of Shares on exercise

Within 15 Business Days after the later of the following:

- (a) the Exercise Date; and
- (b) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (c) issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (d) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (e) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

If a notice delivered under (g)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

10.4.8 Shares issued on exercise

Shares issued on exercise of the New Options rank equally with the then issued shares of the Company.

10.4.9 Quotation of Shares issued on exercise

The New Options will be unquoted. If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the New Options.

10.4.10 Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

10.4.11 Participation in new issues

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options without exercising the New Options.

10.4.12 Change in exercise price

A New Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the New Option can be exercised.

10.4.13 Transferability

The New Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

10.5 Major Shareholders

At the date of this Prospectus, there are no Shareholders holding 5% or more of the Shares on issue.

Details of Shareholders who will hold more than 5% post-Completion, are set out below.

Shareholder	Shares No.	Relevant Interest in the Company – ⁽¹⁾⁽²⁾ %
Maneki Pty. Ltd. as trustee for the Hammond Family Trust ⁽³⁾	50,835,900	14.16
Corby Investments Pty Ltd as trustee for the Anstey Family Trust ⁽³⁾	51,308,100	14.29
Elizabeth Ann Whitelock	45,156,000	12.57
Total	147,300,000	41.02

⁽¹⁾ Public Offer: 50,000,000 Shares.

⁽²⁾ Percentages are calculated on the basis that all Consideration Shares and other Shares under this Prospectus are issued being 359,104,059 shares.

⁽³⁾ This entity is a related entity of Mr Richard Anstey a Proposed Director. Under the Share Sale Agreement, as a vendor Tivisco is entitled to be issued a total of 101,671,800 Consideration Shares which it will hold separately on bare trust for Corby Investments Pty Ltd as trustee for the Anstey Family Trust and Maneki Pty Ltd as trustee of the Hammond Family Trust respectively (**Trust Beneficiaries**). Tivisco has irrevocably directed the Company to issue 50% (or 50,835,900) of the Consideration Shares directly to Corby Investments Pty Ltd and 50% (or 50,835,900) of the Consideration Shares to Maneki Pty. Ltd as the Trust Beneficiaries. Corby Investments Pty Ltd will also receive an additional 472,200 Consideration Shares in its capacity as a Veriluma Shareholder under the Share Sale Agreement.

10.6 Litigation

To the knowledge of the Directors and Proposed Directors, as at the date of this Prospectus, neither Veriluma nor the Company (nor any of its subsidiaries) are involved in any litigation or disputes that are material for the purposes of this Prospectus. The Directors are not aware of any circumstance that might reasonably be expected to give rise to such litigation or disputes.

10.7 Consents to be named

Each party referred to in this Section:

- has not authorised or caused the issue of this Prospectus or the making of the Offers;
- does not make, or purport to make, any statement in this Prospectus or any statement on which a statement made in the Prospectus is based other than as specified in this Section; and
- 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.

Each of the following parties has consented to being named in the Prospectus in the capacity referred to below and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC:

- Pendragon Capital Limited has given its written consent to be named as Investigating Accountant and to the inclusion of the Investigating Accountant's Report in Section 8 in the form and context in which it is included in this Prospectus. Pendragon Capital Limited has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.
- K S Capital Pty Ltd has given its written consent to be named as Lead Manager to the Public Offer in the form and context in which it is included in this Prospectus. K S Capital Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.
- InSync Equity Services Pty Ltd has given its written consent to be named as Corporate Advisor in the form and context in which it is included in this Prospectus. InSync Equity Services Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.
- Occam Legal has given its written consent to be named in this Prospectus in the form and context in which its name has been included in this Prospectus. Occam Legal has not caused the issue of this Prospectus or authorised this Prospectus and takes no responsibility for the contents or issue of this Prospectus. Occam Legal has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.
- Computershare Investor Services Pty Ltd has given its written consent to be named as the Share Registry in the form and context in which it is included in this Prospectus. Computershare Investor Services Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.
- K & L Gates has given its written consent to be named in this Prospectus in the form and context in which its name has been included in this Prospectus and for the inclusion of the Intellectual Property Report. K&L Gates has not caused the issue of this Prospectus or authorised this Prospectus and takes no responsibility for the contents or issue of this Prospectus. K&L Gates has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.
- Veriluma has given its written consent to the statements attributed to it in this Prospectus in the form and context in which it is included in this Prospectus. Veriluma has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.
- Elizabeth Whitelock has given her written consent to be named as the proposed Managing Director and CEO of the Company in this Prospectus and to all other information relating to her in this Prospectus, in each case in the form and context in which that information is included. Elizabeth Whitelock has not withdrawn her consent prior to lodgement of this Prospectus with ASIC.
- Richard Anstey has given his written consent to be named as the proposed Non-Executive Chairman of the Company in this Prospectus and to all other information relating to him in this Prospectus, in each case in the form and context in which that information is included. Richard Anstey has not withdrawn his consent prior to lodgement of this Prospectus with ASIC.
- Grant Thornton has given its written consent to be named in this Prospectus as Auditor to the Company in the form and context in which its name has been included in this Prospectus. Grant Thornton has not caused the issue of this Prospectus or authorised this Prospectus and takes no responsibility for the contents or issue of this Prospectus. Grant Thornton has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

10.8 Interests of experts and advisers

This Section applies to persons named in this Prospectus as performing a function as a financial services licensee or in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus or promoters of the Company (collectively, **Prescribed Persons**). Except as otherwise set out below or elsewhere in this Prospectus, no Prescribed Person has or during the last two years has had any interest in the formation or promotion of the Company, or any property proposed to be acquired by the Company in connection with its formation or promotion or the Offers.

No sums have been paid or agreed to be paid to a Prescribed Person for services rendered by the Prescribed Person in connection with the promotion or formation of the Company or the Offers except as set out below:

- Pendragon Capital Limited will receive professional fees of approximately \$15,000 (excluding GST) for accounting services in connection with this Prospectus including the provision of the Investigating Accountant's Report.

- K S Capital Pty Ltd will receive professional fees of approximately \$210,000 (excluding GST) for acting as Lead Manager in connection with the Public Offer.
- Occam Legal will receive professional fees of approximately \$56,000 (excluding GST) for legal work undertaken in connection with this Prospectus, and approximately \$73,000 (excluding GST) for legal work in relation to the Proposed Acquisition.
- K&L Gates receive professional fees, during the last two years, of approximately \$118,000 (excluding GST) of which \$5,585 relates solely to the Intellectual Property Report.
- InSync has received a cash success fee of \$27,000 (excluding GST) from Veriluma in relation to a \$450,000 capital raising conducted by Veriluma in December 2015.
- Wolfstar Group Pty Ltd will receive professional fees of approximately \$30,000 (excluding GST) for corporate advisory work performed in connection with the Prospectus and the Public Offer. In addition, Wolfstar has provided CFO and Company Secretarial services to the Company. In respect of this work, the Company has incurred fees \$96,500 (excluding GST), over the previous two years prior to the date of this Prospectus.
- Computershare Investor Services Pty Limited is appointed as the Share Registry and has received professional fees of approximately \$46,300 (excluding GST), over the previous two years prior to the date of this Prospectus for share registry services.

These amounts, and other expenses of the Public Offer, will be paid by the Company out of funds raised under the Public Offer or available cash. Further information on the use of proceeds and payment of expenses of the Public Offer is set out in Section 6.10.

10.9 Interests of Directors and Proposed Directors

Other than as set out in Section 5 or elsewhere in this Prospectus, no Director (including Proposed Directors) (whether individually or as a consequence of a Director's association with any company or firm or any material contract entered into by the Company) has now, or has had, in the two year period ending on the date of this Prospectus, 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 its formation or promotion or the Offers; or
- (c) the Offers.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to any Director or to any company or firm with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or his company or firm with which the Director is associated in connection with the formation or promotion of the Company or the Offers.

The non-executive Directors are entitled to be paid for their services as Directors such annual fees as the Directors determine, provided the annual fees do not exceed in aggregate the maximum sum of \$400,000 or such other sum that is from time to time approved by the members in a general meeting in accordance with the Listing Rules.

Directors are also entitled to be paid or reimbursed for travelling and other expenses properly incurred in attending meetings. The Directors may approve the payment of special remuneration (in addition to the annual fees described above) to any Director who performs extra services or makes special exertions for the Company.

10.10 Estimated expenses of the Offers

On Completions, the total estimated costs of the Public Offer, Placements, Director Placements and Completion including legal fees, registration fees, fees for other advisors, prospectus design, printing and advertising expenses and other miscellaneous expenses, are expected to be approximately \$428,100 (excluding any applicable GST). Refer to Section 6.10 for further details.

10.11 Continuous disclosure obligations

As the Company is admitted to the Official List, the Company is a "disclosing entity" (as defined in Section 111AC 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.

Price sensitive information is publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to the ASX. In addition, the Company posts this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

10.12 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by an Application Form. If you have not, please email the Company at info@pameliaresources.com.au and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.pameliaresources.com.au.

The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to or accompanies a hard copy of the Prospectus or a complete and unaltered electronic copy of this Prospectus. 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 this Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such case, the Application Monies received will be dealt with in accordance with section 722 of the Corporations Act.

10.13 Governing law

This Prospectus and the contracts that arise from the acceptance of Applications are governed by the law applicable in Western Australia and each Applicant submits to the exclusive jurisdiction of the courts of Western Australia.

10.14 Directors responsibility statement

The Directors of the Company state that for the purposes of section 731 of the Corporations Act, they have made all enquiries that were reasonable in the circumstances and have reasonable grounds to believe that any statements by them in this Prospectus are true and not misleading or deceptive, and that with respect to any other statements made in this Prospectus by persons other than the Directors, the Directors have made reasonable enquiries and have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given the consent required by section 716(2) of the Corporations Act and have not withdrawn that consent before lodgement of this Prospectus with ASIC.

Each Director consents to the lodgement of this Prospectus with ASIC, and has not withdrawn that consent prior to this Prospectus being lodged.

This Prospectus is prepared on the basis that:

- certain matters may be reasonably expected to be known to professional advisers of the kind with whom Applicants may reasonably be expected to consult; and
- information is known to Applicants or their professional advisers by virtue of any legislation or laws of any State or Territory of Australia or the Commonwealth of Australia.



This Prospectus is dated 29 July 2016.

Signed on behalf of the Company

Nigel Gellard
Chairman
Parmelia Resources Limited

11. Glossary

The following terms used in this Prospectus have the following meanings:

\$ or means references to dollar amounts in Australian currency;

A Performance Share means a Performance Share to be issued by the Company to the Initial Veriluma Shareholders under the Vendor Offer that is subject to the A Performance Share Milestone and the terms and conditions summarised in Section 10.2;

A Performance Share Milestone will be taken to have been satisfied if, on or before the second anniversary of the issue of the A Performance Shares, the business of Veriluma achieves annual sale revenues of not less than \$2,000,000;

Advisor Placements has the meaning given in Section 6.3.3;

Advisor Shares means the Shares to be issued to the Lead Manager and Corporate Advisor respectively under the Advisor Placements;

Advisory Committee means the Advisory Board Committee established by Veriluma referred to in Section 5.2;

Applicant means any person who submits an Application Form;

Application means an application for Securities under this Prospectus made by an Applicant using an Application Form;

Application Form means the application form for any of the Offers attached to or accompanying this Prospectus;

Application Moneys means the moneys payable by Applicants for Shares under the Public Offer;

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Limited (ABN 98 009 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

ASX Settlement means ASX Settlement Pty Ltd (ACN 008 504 532);

ASX Listing Rules or **Listing Rules** means the official rules of the ASX;

Australian Department of Defence or **Department of Defence** means the Commonwealth of Australia represented by the Department of Defence;

AWST means Australian Western Standard Time (UTC +8:00);

B Performance Share means a Performance Share to be issued by the Company to the Initial Veriluma

Shareholders under the Vendor Offer that is subject to the B Performance Share Milestone and the terms and conditions summarised in Section 10.2;

B Performance Share Milestone will be taken to have been satisfied if, on or before the third anniversary of the issue of the B Performance Shares, the Veriluma Business achieves annual sale revenues of not less than \$3,000,000;

Board means the board of Directors of the Company;

Business Day means a day on which banks are open for business in Perth and excluding a Saturday, Sunday or a public holiday in Perth;

C Performance Share means a Performance Share to be issued by the Company to the Initial Veriluma Shareholders under the Vendor Offer that is subject to the C Performance Share Milestone and the terms and conditions summarised in Section 10.2;

C Performance Share Milestone will be taken to have been satisfied if, on or before the Expiry Date, the Veriluma Business achieves annual sales revenue of not less than \$10,000,000;

Change of Control Event means the occurrence of either of the following:

- (a) the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares and that takeover bid has become unconditional; or
- (b) the announcement by the Company that Shareholders have, at a court convened meeting of Shareholders, voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:
 - (i) cancelled or transferred to a third-party; and
 - (ii) the court, by order, approves the proposed scheme of arrangement;

Chief Executive Officer or CEO means the Chief Executive Officer of the Company;

CHESS means Clearing House Electronic Subregister System;

Closing Date means **5:00pm (AWST)** on the date the Offer closes, which is set out in the "Key Offer Information" Section and may be varied by the Company;

Company or **Parmelia** means Parmelia Resources Limited (ACN 142 901 353);

Completion means the completion of the latest of the following:

- the Proposed Acquisition;
- the Public Offer;
- the Placements;
- the reinstatement of the Company's securities to Official Quotation; and
- the Company's compliance with any further conditions imposed by ASX on such reinstatement;

Conditions of Completion has the meaning given in paragraph 9 the Important Information Section;

Conditions Precedent means the conditions precedent to the Proposed Acquisition referred to in Section 9.2.3;

Consideration Shares means the 162,857,400 Shares to be issued to the Veriluma Shareholders under the Vendor Placements in accordance with the Share Sale Agreement as consideration for the Proposed Acquisition;

Constitution means the constitution of the Company;

Corporate Advisor means Insync Equity Services Pty Ltd (ACN 114 328 988);

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

Deed of Compromise means the Deed of Compromise and Release between Veriluma and SJSM dated 15 December 2015 referred to in Section 9.2;

Directors means the existing directors of the Company and the Proposed Directors;

Director Placements has the meaning given in Section 6.4;

Director Options means the 500,000 New Options which are to be issued by the Company to Mr Peter Ellery and the 500,000 New Options Mr Jay Stephenson under the Director Placements under the Director Placements;

Essential Resolutions has the meaning given in Section 6.6;

Executive Director means an executive director of the Company;

Executive Employment Contract means the executive employment contract to be entered into between Ms Elizabeth Whitelock and the Company referred to in Section 5.5.3;

Existing Options means the Options referred to in Sections 10.3;

Expiry Date means the date 4 years after the date of issue of the Performance Shares;

Facility Agreement has the meaning in Section 9.4 of Prospectus;

Gellard Consultancy Agreement has the meaning given in Section 5.5.2;

General Meeting means a general meeting of Shareholders to be held on 13 July 2016;

Global Business Resilience means IBRMS Pty Limited trading as Global Business Resilience;

GST has the meaning given to it in the *A New Tax System (Goods and Services Tax) Act 1999*;

Investigating Accountant's Report means the Investigating Accountant's Report prepared by Pendragon Capital Limited and included in Section 7;

Initial Veriluma Shareholders means those Veriluma Shareholders identified items 1 to 8 of the table in Section 9.2.7;

Intellectual Property Report means the report prepared by K&L Gates in Section 7;

Jaurdi Hills Joint Venture means the joint venture between Toro and JH Mining in relation to the Mineral Tenements established pursuant to the Jaurdi Hills Joint Venture Agreement;

Jaurdi Hills Joint Venture Agreement has then meaning in Section 9.5.3;

JH Mining means JH Mining Pty Ltd (ACN 009 423 125);

Lead Manager means K S Capital Pty Ltd (ACN 124 761 557);

Lead Manager Mandate has the meaning given in Section 9.5.1;

Legal Logix means Legal Logix Pty Ltd (ACN 605 594 394) which is an Australian proprietary company which is jointly and equally owned by Veriluma and Templetons Legal and Consulting Pty Ltd;

Major Shareholders means the major shareholders of Veriluma being Tivisco and Elizabeth Ann Whitelock as referred to in Section 9.2;

Mineral Tenements means the mineral tenements set in in Section 2.1;

Milestone means the A Performance Share Milestone, B Performance Share Milestone or C Performance Share Milestone (as the case may be);

New Options means the Options referred to in Section 10.4;

Non-Essential Resolutions has the meaning given in Section 6.6;

Non-Executive Chairman means the non-executive chairman of the Company;

Non-Executive Director means a non-executive director of the Company;

Notice of General Meeting means the Notice of General Meeting dated 8 June 2016 for the General Meeting;

Offer Period means the period commencing on the Opening Date and ending on the Closing Date;

Offer Price means the offer price of 7.0 cents per Share under the Public Offer;

Offers means the offers of Securities under this Prospectus being the Public Offer, the Placements and the Director Placements;

Official List means the official list of ASX;

Official Quotation means official quotation of the Shares on the Official List;

Opening Date means the date the Offer opens, which is set out in the "Key Offer Information" Section and may be varied by the Company;

Options means either the Existing Options and/or the New Options to acquire a Share;

Patents means United States Patent Registration 7720787, and Australian Patent Registration 2006202485, both owned by Veriluma;

Performance Share means an A Performance Share, B Performance Share or C Performance Share (as the case may be);

Performance Shareholder means the holder of a Performance Share;

Placements has the meaning given in Section 6.3;

Predictive Intelligence means the process of bringing together disparate types of information – qualitative and quantitative, reliable and unreliable, known and unknown, old and new – to model scenarios where assumptions can be tested without bias or prejudice interfering, and results can be refreshed as new information becomes available;

Proposed Acquisition means the acquisition by the Company of 100% of the issued share capital of Veriluma in accordance with the Share Sale Agreement;

Proposed Directors means Richard Charles Anstey and Elizabeth Ann Whitelock;

Prospectus means this prospectus;

Public Offer means the offer to the public to apply for 50,000,000 Shares under this Prospectus as referred to in Section 6.2;

Recommendations means the Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council;

Section means a section of this Prospectus;

Securities means Shares, Performance Shares and/or Options offered under this Prospectus and any other securities in the Company;

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

Share Registry means Computershare Investor Services Limited;

Share Sale Agreement means the share sale agreement between the Company, Veriluma and the Major Shareholders for the Proposed Acquisition referred to in Section 9.2;

Shareholder means a person who holds one or more Shares;

Shareholders Agreement means a shareholders' agreement between the Veriluma Shareholders dated 9 December 2005, as varied by deeds of accession dated 23 December 2015;

SJSM means SJSM Pty Ltd (ACN 151 335 992);

SJSM Convertible Note has the meaning given in Section 9.2;

SJSM Placement has the meaning given in Section 6.3.2;

Software as a Service or **SaaS** means a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted;

Tivco means Tivco Pty Ltd ACN 095 269 944 as bare trustee, separately, for Corby Investments Pty Ltd as trustee for the Anstey Family Trust and Maneki Pty Ltd as trustee for the Hammond Family Trust;

Toro means Toro Mining Pty Ltd (ACN 079 423 886);

Tyndall Capital means Tyndall Capital Pty. Ltd. ACN 154 750 268;

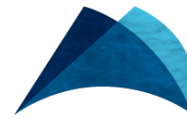
Vendor Placements has the meaning given in Section 6.3.1;

Veriluma means Veriluma Pty Ltd ACN 117 490 785;

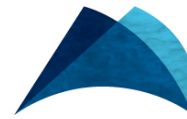
Veriluma Shareholders means all of the shareholders of Veriluma;

Veriluma Shareholder Loans has the meaning given in Section 9.4.3;

Veriluma software or **Veriluma's software** means a cross-platform software technology embedded in Veriluma's Predictive Intelligence products. It provides an environment for analysts to structure and assess Predictive Intelligence problems such as competitive intelligence, market analysis, financial and security risk modelling, strategic planning, and forensics.



12. Application form for Public Offer



13. Corporate directory

Current directors

Nigel Gellard	<i>Chairman</i>
Peter Ellery	<i>Non-executive director</i>
Jay Stephenson	<i>Non-executive director</i>

Incoming directors

Richard Anstey	<i>Proposed Chairman</i>
Elizabeth Whitelock	<i>Proposed Managing Director and Chief Executive Officer</i>

Company secretary

Jay Stephenson

Registered office

Street: Suite 12, Level 1, 11 Ventnor Avenue
WEST PERTH WA 6005
Postal: PO Box 52
WEST PERTH WA 6872
Telephone: +61 (0)8 6141 3500
Facsimile: +61 (0)8 6141 3599
Email: info@parmeliareources.com.au
Website: www.parmeliareources.com

Lead Manager

K S Capital Pty Limited
Level 2, 22 Pitt Street
SYDNEY NSW 2000
Telephone: +61 (0)2 8005 1091
Website: www.kscapital.com.au

Investigating Accountant

Pendragon Capital Ltd
283 Rokeby Road
SUBIACO WA 6008
Telephone: +61 (0)2 9426 0666
Facsimile: +61 (0)2 9481 1947
Email: info@pdragon.com

Corporate Adviser

Wolfstar Group Pty Ltd
Suite 12, Level 1, 11 Ventnor Avenue
WEST PERTH WA 6005
Telephone: +61 (0)8 6141 3500
Facsimile: +61 (0)8 6141 3599
Website: www.wolfstargroup.com.au

Share registry ①

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
PERTH WA 6000
Telephone: 1300 850 505 (investors within Australia)
Telephone: +61 (0)3 9415 4000
Email: web.queries@computershare.com.au
Website: www.investorcentre.com

Securities exchange

Australian Securities Exchange
Level 40, Central Park, 152-158 St Georges Terrace
PERTH WA 6000
Telephone: 131 ASX (131 279) (within Australia)
Telephone: +61 (0)2 9338 0000
Facsimile: +61 (0)2 9227 0885
Website: www.asx.com.au
ASX Code – PML *Proposed new ASX Code will be VRI*

Solicitors to the company

Occam Legal
PO Box 918
SUBIACO WA 6904
Email: admin@occamlegal.com.au

Auditors ①

Grant Thornton Audit Pty Ltd
Level 1, 10 Kings Park Road
WEST PERTH WA 6005
Telephone: +61 8 9480 2000
Facsimile: +61 8 9322 7787
Website: www.grantthornton.com.au
Email: info.wa@au.gt.com

① These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.