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ASX ANNOUNCEMENT

8 DECEMBER 2015 **ASX: PML**

PARMELIA RESOURCES TO ACQUIRE VERILUMA, A PREDICTIVE INTELLIGENCE SOFTWARE DEVELOPMENT COMPANY
&
PROPOSED PLACEMENT AND RIGHTS ISSUE

HIGHLIGHTS:

- **Parmelia Resources enters conditional agreement to acquire Veriluma Pty Ltd.**
- **Veriluma owns unique patented software called "Intelfuze" that delivers predictive intelligence capabilities to complex scenarios and decision processes.**
- **Current clients operate in: Defence, Counter Terrorism, Financial Services and Mining.**
- **Models built using "Intelfuze" assess situations based upon known quantitative and qualitative data, as well as information which is less certain or even unknown.**
- **"Intelfuze" software is an ideal tool for use by governments and major corporations globally who have complex decisions to make.**
- **The software is suitable for use in a wide range of applications, including but not limited to: Defence, Intelligence, National Security, Financial services - FinTech, Insurance, M&A, Legal and the Resources Sector.**
- **Parmelia Resources to undertake a private placement to raise up to $500,000 and a non-renounceable pro rata rights issue to existing shareholders to raise up to $741,087.**

Parmelia Resources Limited (**PML** or the **Company**) is very pleased to announce that it has signed a legally binding Heads of Agreement with the major shareholders (**Major Shareholders**) of Veriluma Pty Ltd (ACN 117 490 785) (**Veriluma**) to acquire 100% of the issued capital in Veriluma, a software technology development company (**Acquisition**).

The Major Shareholders, who own 98% of Veriluma, have agreed to sell 100% of their shares to PML. The remaining shareholders, in accordance with the existing Veriluma shareholder agreement, are required to sell their shares on the same terms as the Major Shareholders. The Acquisition is subject to a number of conditions precedent which are outlined below.

ABOUT VERILUMA:

Veriluma's patented collaborative decision-making software engine, Intelfuze, was initially developed by a Commonwealth Research Centre before being acquired by Veriluma in 2008. In 2010, Veriluma was established and began developing the application and secured patents for the software. Veriluma now supplies solutions to the Australian Intelligence Agencies for use in analysing various Australian National Security and Defence scenarios.

Veriluma's unique software has been developed to critically aid individuals, businesses, governments and their agencies to significantly 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. Unique algorithms and applications provide objective outcomes which lead to more efficient decision-making. Application opportunities exist globally across a wide range of industries, including banking and financial services, insurance, legal, government agencies and others.

Veriluma's "Intelfuze" software is designed to complement and refine big data and business intelligence tools and to provide solutions to a range of critical business and government problems and decision-making scenarios. Veriluma is an emerging business – however initial targets for growth in Veriluma sales and commercialisation revenues have been identified and will include merger and acquisition specialists, banking and finance applications, the resources sector, as well as legal industry groups and government agencies where Intelfuze can be immediately beneficial in making better decisions.

Business Highlights include:

- Unique sophisticated patented technology
- Advanced predictive technology in the $125 billion USD big data market with limited competitors
- Developed initially by a Commonwealth Research Centre for Australian Department of Defence
- Potential for multiple industry and government applications globally
- Versatile commercialisation pathways – with possibility of tailored solutions with recurring revenue streams from subscriptions and service applications
- Immediate target groups identified
- Commercialisation strategy currently being implemented
- Experienced Board of Directors, Advisory Board and management team (see below)

KEY TERMS OF THE ACQUISITION:

In consideration for the 100% acquisition of Veriluma, PML will issue to the shareholders of Veriluma a total of:

(a) 150,000,000 fully-paid ordinary shares in the capital of PML (**PML Shares**); and

(b) 40,000,000 Performance Shares (**Performance Shares**), which will be separated into three tranches and convert into PML Shares upon the following terms:

Class	Performance Milestone	Number of PML Shares to be issued
A 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 sale revenues of not less than A$2.0 million.	10 million PML Shares
B 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 sale revenues of not less than A$3.0 million.	15 million PML Shares
C Performance Shares	A 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 sale revenues of not less than A$10.0 million.	15 million PML Shares

The terms and conditions of the Performance Shares remain subject to ASX approval.

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Conditions precedent

The Acquisition is subject to a number of conditions being satisfied, including:

(a) PML obtaining all necessary shareholder and regulatory approvals, consents or waivers required for the transactions contemplated by the Acquisition, including without limitation, shareholder approvals under ASX Listing Rules 7.1 and 11.1, under section 611, item 7 of the Corporations Act and ASX approval of the proposed terms and conditions of the Performance Shares;

(b) the redemption of all outstanding convertible notes and the discharge of any charges or other encumbrances (to be completed by 15 December 2015);

(c) completion of due diligence into Veriluma to the satisfaction of PML (to be completed by 28 February 2016);

(d) PML despatching a notice of meeting and explanatory memorandum to its shareholders seeking all shareholder approvals required for the acquisition, including an independent expert making a determination that the transaction is fair and/or reasonable to non-associated shareholders of PML (to be completed by 14 March 2016);

(e) PML issuing a full form prospectus (to be completed by 5 April 2016) and successfully completing a re-compliance capital raising of not less than $3,250,000 at a price to be determined (to be completed by 22 April 2016) (**Principal Raising**);

(f) an employment contract being agreed and entered into with Ms Whitelock as the proposed Chief Executive Officer of PML;

(g) Veriluma providing a business plan and budget satisfactory to PML and issuing audited financial statements for the year ended 30 June 2015 and such other audited financial statements required to satisfy the ASX;

(h) repayment or forgiveness of all other external or third party debt of Veriluma, repayment of all shareholder loans between Veriluma and its shareholders, and termination or renegotiation of any related party transactions that are not on arms' length commercial terms;

(i) 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; and

(j) PML simultaneously acquiring at Completion 100% of the issued capital of Veriluma from all of its shareholders.

The Acquisition remains conditional on satisfaction of the above conditions precedents and as such the ability of the Company to complete the Acquisition is not certain.

The parties propose to formalise the terms of the Heads of Agreement into a more definitive Share Sale Agreement by no later than 24 December 2015.

RE-COMPLIANCE WITH CHAPTERS 1 AND 2 OF THE ASX LISTING RULES:

The Acquisition will result in a change in the Company's nature and scale of its activities and will require shareholder approval under Chapter 11 of the ASX Listing Rules, as well as require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules and obtain conditional approval from ASX to have its securities re-admitted to trading. The Company will despatch a notice of meeting (**NOM**) to its shareholders seeking the relevant approvals to undertake this process with such NOM to contain detailed information relating to Veriluma and the Acquisition. The meeting of shareholders is expected to be held in mid-April 2016.

PRINCIPAL RAISING:

In order to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules, in conjunction with the Acquisition, the Company will issue a prospectus for the Principal Raising. The Principal Raising will be to raise a minimum of $3,250,000. The issue price of the shares to be offered under the Principal Raising is yet to be determined. The Principal Raising will not be underwritten.

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NAME CHANGE:

Should the Acquisition complete, it is intended that the Company will undergo a change of name, subject to shareholder approval. The proposed name change will be advised to shareholders when the Company despatches its NOM.

BOARD AND MANAGEMENT CHANGES:

In addition, the Acquisition contemplates the appointment of two new directors to the Board of the Company, being founder of Veriluma, Mr Richard Anstey (Chairman-elect) and Ms Elizabeth Whitelock (CEO and Executive Director-elect).

Subject to completion of the Acquisition, Mr Peter Ellery and Mr Jay Stephenson will resign as directors of PML. Mr Nigel Gellard will continue as a non-executive director of PML following the completion of the Acquisition.

Background information on proposed new directors

(a) Rick Anstey - Incoming Chairman

Mr Anstey has over 30 years' experience investing in, building and managing Australian innovation companies. He was a founding partner of the early stage investment group, IQ Funds, a Queensland based and Commonwealth Government sponsored company that was formed in 1999. Mr Anstey is currently a Director of several companies, including ASX200 listed, Technology One Limited, Concept Safety Pty Ltd and Pioneer Mortgages Pty Ltd., as well as a Board Member of the Australian Centre for Entrepreneurship at QUT. He has worked continuously with many innovation companies both in Australia and overseas from inception, start-up and through to maturation and commercialisation including companies that support and/or embrace disruptive business models.

(b) Elizabeth Whitelock - Incoming CEO

Ms Whitelock's career began in Software Development for the Metropolitan Police Force in London, before moving into Software and Professional Services for such multi-national technology companies as Ingres Inc. (acquired by Computer Associates), SAS, IBI and IBM. Her roles covered Senior Executive Management and Sales and Marketing roles across the Analytics, Business Intelligence, and data integration sectors. Ms Whitelock brings a strong and proven understanding of the market and, importantly, how Veriluma competes and complements this sector. With many years of experience in building successful start-ups with cohesive teams, Ms Whitelock will lead the rollout of Veriluma's commercialisation strategy and corporate development from its Australian base in Sydney.

RIGHTS ISSUE AND PROPOSED PLACEMENT:

PML is pleased to advise it intends to undertake the following pre-transaction capital raisings as soon as possible, prior to completion of the Acquisition:

(a) a proposed placement of up to 14,285,714 PML Shares at 3.5 cents per share to raise up to approximately $500,000 (**Placement**); and

(b) a non-renounceable rights issue on a 1 for 4 basis to raise up to $741,087 via the issue of 21,173,927 PML Shares at 3.5 cents per PML Share (**Rights Issue**).

The Placement will be made without shareholder approval in accordance with ASX Listing Rule 7.1 and 7.1A and is expected to be issued to exempt investors within the meaning of section 708 of the Corporations Act without a disclosure document.

Pursuant to the Rights Issue, eligible shareholders of PML will be able to subscribe for one new PML Share for every 4 PML Shares held as at 14 December 2015 (**Record Date**) at an issue price of 3.5 cents per PML Share.

The Rights Issue will raise up to approximately $741,087 and is expected to result in the issue of an additional 21,173,927 PML Shares.

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The proceeds from the Placement and Rights Issue will be used to fund acquisition and due diligence costs associated with the Acquisition, as well as working capital and on-going expenditure commitments of the Company.

The Rights Issue is being made under section 708AA(2)(f) of the Corporations Act as notionally modified by ASIC Class Order 08/35 and without a prospectus. An offer document for the Rights Issue is currently being prepared by the Company and the timetable and full details of the Rights Issue will be contained in that offer document, which is proposed to be lodged with the ASX on or around 8 December 2015. Further details of the Rights Issue will be set out in the offer document. The Rights Issue is not subject to shareholder approval.

Pulse Market Pty Ltd and InSync Equity Services Pty Ltd have been engaged to act as lead managers to the Company for the Placement and to assist with the placement of any shortfall in the Rights Issue.

INDICATIVE TIMETABLE:

The indicative timetables for the Rights Issue and Acquisition are outlined below:

Rights Issue indicative timetable

Event	Date
Announcement of Acquisition , proposed Placement and Rights Issue Cleansing Notice, Appendix 3B and Offer Document lodged with ASX	8 December 2015
Company sends letter to shareholders notifying them of Rights Issue	9 December 2015
"Ex" date for Rights Issue – PML Shares start trading without entitlement to participate in Rights Issue	10 December 2015
Record Date to determine entitlements under the Rights Issue	14 December 2015
Expected Settlement of Placement	15 December 2015
Opening Date of Rights Issue	16 December 2015
Despatch of Offer Document and Entitlement and Acceptance Form	16 December 2015
Closing Date of Rights Issue	29 December 2015
Shares quoted on a deferred settlement basis	30 December 2015
ASX notified of undersubscriptions under the Rights Issue	4 January 2016
Issue Date for New Shares and deferred settlement ends	5 January 2016
Trading of New Shares expected to commence	6 January 2016
Despatch of holding statements for New Shares	6 January 2016

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Acquisition indicative timetable

Event	Date
Execute Heads of Agreement	4 - 7 December 2015
Executed Share Sale Agreement	24 December 2015
Complete due diligence	28 February 2016
Despatch Notice of Meeting and Explanatory Memorandum	14 March 2016
Lodgement of Prospectus	29 March 2016
Shareholders Meeting	15 April 2016
Suspension from Trading	15 April 2016
Closing Date of Prospectus Offer	22 April 2016
Completion of Acquisition and Issue Shares under Prospectus	29 April 2016
Re-compliance and Re-quotation of PML Shares on ASX	17 May 2016

INDICATIVE CAPITAL STRUCTURE:

The indicative effect of the Acquisition, proposed Placement and Rights Issue on the capital structure of the Company is as follows:

	Issued ordinary shares No.	Options over shares No.	Performance shares No.
Parmelia Resources 8 December 2015 – Actual	84,695,706	69,296,176	-
- Issued as part of a 1:4 Rights Issue at $0.035	21,173,927	-	-
- Issued as part of a Placement at $0.035	14,285,714	-	-
- Issued as part of the Acquisition	150,000,000	-	40,000,000
	270,155,347	69,296,176	40,000,000

Note: the above capital structure does not include any PML Shares to be issued under the Principal Raising to raise a minimum of $3.25 million as the issue price is yet to be determined.

As one of the Major Shareholders will have a relevant interest in more than 20% of the issued shares of PML, the Acquisition is subject to shareholder approval in accordance with section 611, item 7 of the Corporations Act and an independent expert determining that that Acquisition is fair and/or reasonable to the non-associated shareholders of PML.

RESPONSIBILITY OF INFORMATION ABOUT VERILUMA:

The above information in relation to Veriluma, its business and patented technologies has been prepared by and is the responsibility of Veriluma and its Major Shareholders. While PML has no reason to doubt the accuracy of the information provided in relation to Veriluma, PML is yet to complete its due diligence into the operations of Veriluma and is therefore relying on information provided by Veriluma and its Major Shareholders and warranties in the Heads of Agreement.

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PRO FORMA BALANCE SHEET:

A summarised pro-forma balance sheet showing the effect of the Acquisition, the proposed Rights Issue and Placement on the Company is provided at Annexure A.

For further information concerning Parmelia's activities, please contact Nigel Gellard, Executive Chairman at:

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Nigel Gellard

Executive Chairman

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APPENDIX A - PRO-FORMA BALANCE SHEET

	Notes	Actual 30 June 2015 (Unaudited) Verimula $	Actual 30 June 2015 (Audited) PML $	Pro-forma Group (Unaudited) Merged Verimula / PML $
Current assets				
Cash and cash equivalents	(2)	1,380	237,090	1,444,557
Trade and other receivables		-	162,029	162,029
Other current assets		-	8,851	8,851
Total current assets		1,380	407,970	1,615,437
Non-current assets				
Property, plant and equipment		4,400	-	4,400
Intangible assets		499	-	499
Exploration and evaluation assets		-	1,877,262	1,877,262
Other non-current assets		9,750	-	9,750
Total non-current assets		14,649	1,877,262	1,891,911
Total assets		16,029	2,285,232	3,507,348
Current liabilities				
Trade and other payables		45,070	158,088	203,158
Borrowings		431,474	-	431,474
Current tax liabilities		20,465	-	20,465
Provisions		58,600	-	58,600
Total current liabilities		555,609	158,088	713,697
Non-current liabilities				
Borrowings		479,160	-	479,160
Total non-current liabilities		479,160	-	479,160
Total liabilities		1,034,769	158,088	1,192,857
Net assets		(1,018,740)	2,127,144	2,314,491
Equity				
Issued capital	(4)	100	6,365,903	4,205,537
Reserves		-	435,569	-
Accumulated losses		(1,018,840)	(4,674,328)	(1,018,840)
Less: Corporate transaction accounting expense	(3)	-	-	(872,206)
Total equity		(1,018,740)	2,127,144	2,314,491

(1) Pro-forma Adjustments

(a) *Acquisition of Verimula Pty Ltd* – The acquisition of Verimula by the issue of 150,000,000 ordinary shares in PML.

(b) *Performance Shares* – PML will issue Verimula's existing shareholders, as part of the acquisition consideration. 40,000,000 options as detailed below in the following tranches:

- **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 Veriluma Business achieves annual sale revenues of not less than $2,000,000;
- **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;
- **C Performance Share Milestone** will be taken to have been satisfied if, on or before the fourth anniversary Date, the Veriluma Business makes annual sales revenue of not less than $10,000,000.

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(c) For accounting purposes, the acquirer has been identified as Verimula and the business combination referred to as a reverse acquisition. Accordingly, the pro-forma Group incorporates the assets and liabilities of PML and of Verimula as if the Group was headed by Verimula. At acquisition date the assets and liabilities of Verimula (being the acquirer for accounting purposes) are recorded at their book value and the assets and liabilities of PML (being the acquiree for accounting purposes) are recorded at fair value. Furthermore, for pro-forma purposes, the 40,000,000 Performance shares in PML have been treated as issued capital for the purpose of determining the notional purchase price of PML.

Components of equity (other than issued capital), including retained earnings and other reserves, reflect the balances of the accounting acquirer, Verimula.

(d) The Directors estimate that costs for the entitlement issue will be $35,000 and this estimated cost has been deducted from the capital raising of $741,087.

(e) *Costs associated with the acquisition of Verimula* – For pro-forma purposes the costs of acquisition for due diligence, preparation of the explanatory memorandum, etc. are assumed to have been incurred and expensed in the pro forma Group balance sheets.

(f) No pro-forma adjustment has been made for any capital raised as a result of the exercise of any options.

(2) Cash and cash equivalents

The movement in cash and cash equivalents as reflected in the unaudited pro-forma balance sheet at 30 June 2015 is shown as follows:

	$
Cash and cash equivalents at 30 June 2015 – Actual	238,470
Pro-forma adjustments	
- Net proceeds from 1:4 entitlement issue of 21,173,927 shares at $0.035	706,087
- Net proceeds from placement of 14,285,714 shares at $0.035	500,000
	1,444,557

(3) Corporate transaction accounting expense

Corporate transaction accounting expense represents the excess consideration over the fair value of PML's net assets as follows:

	Notes	$
Pro-forma adjustment: Reverse Acquisition of Parmelia Resources		
Market value of PML shares immediately prior to the reverse acquisition at a deemed 3.5 cents per share	(4)(f)	4,205,437
Less: Fair value of PML net assets (including cash raised in note (2))	(4)(f)	(3,333,231)
Corporate transaction accounting expense	(4)(f)	872,206

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(4) Issued Capital

The movement in issued capital as reflected in the pro forma balance sheets at 30 June 2015 is shown below:

	Notes	Issued ordinary shares No.	Options over shares No.	Options over shares No.	Merged Verimula / PML $
Parmelia Resources 30 June 2015 – Actual	(a)	84,695,706	40,000,000	69,296,176	6,365,903
Merged PML / Verimula Issued Capital					
Opening: Verimula 30 June 2015 – Actual		250,000	-	-	100
- Existing shares of PML	(a)	84,695,706	-	69,296,176	6,365,903
- Issued as part 1:4 entitlement issue at $0.035	(c)	21,173,927	-	-	741,087
- Issued as part placement of 14,285,714 at $0.035	(d)	14,285,714	-	-	500,000
- Issued as part of reverse acquisition	(b),(f)	150,000,000	40,000,000	-	6,650,000
- Elimination of existing shares of Verimula (number)	(e)	(250,000)	-	-	-
- Elimination of existing shares of PML (value)	(g)				(10,016,553)
- Transaction Costs	(h)	-	-	-	(35,000)
		270,155,347	40,000,000	69,296,176	4,205,537

(a) *Parmelia Issued Capital* – As at 30 June 2015, PML had on issue 84,695,706 fully paid ordinary shares and 69,296,176 options.

(b) *Verimula* – PML is to acquire Verimula in exchange for the issue of 150,000,000 ordinary shares and 40,000,000 Performance Shares in PML. The acquisition has been accounted for as a reverse acquisition in accordance with AASB 3 *Business Combinations*. For the purposes of the Pro Forma, a value of 3.5 cents has been used as the value per security issued.

(c) *Entitlement issue* – a one for four non-renounceable entitlement issue of Shares at an issue price of $0.035, to raise approximately $741,087.

(d) *Placement issue* – Issue of 14,285,714 Shares, using PML's placement capacity under ASX Listing Rule 7.1 and 7.1A, at an issue price of $0.035 per Share to raise 500,000.

(e) *Reverse Acquisition – Verimula* – The number of shares on issue is adjusted to reflect only the listed entity's (PML) issued capital.

(f) *Reverse Acquisition – Parmelia* – The pro-forma adjustment reflects the deemed issue of shares to acquire PML. Performance shares have been issued at a value of 3.5 cents for the purposes of this pro forma.

The fair value, as determined by the Board, of PML's net assets at 30 June 2015, per the audited balance sheet was $2,127,144 plus the net cash raised in note (2) of $1,206,087, being $3,333,231. The fair value of the deemed consideration was assessed at $4,205,437, the issued capital at 30 June 2015 plus (c)and (d) above being 120,155,347 shares at 3.5 cents . The difference between the deemed purchase price $4,205,437 and fair value of net assets acquired $3,333,231 represents $872,206 as goodwill for the estimated fair value of the listing status.

(g) *Reverse Acquisition – Parmelia* – As part of the reverse acquisition the issued capital includes the following adjustments (in value only):

	Notes	$
Elimination of existing capital in PML	(a)	(6,365,903)
Elimination of net 1:4 entitlement issue of 21,173,927 (treated as pre-acquisition equity)	(c),(h)	(706,087)
Elimination of 14,285,714 shares (treated as pre-acquisition equity)	(d)	(500,000)
Elimination of acquisition value of Verimula	(b)	(6,650,000)
Add deemed reverse acquisition value of PML	(f)	4,205,437
		(10,016,553)

(h) *Transaction costs* – The Directors estimate that costs for the entitlement issue will be $35,000 and this estimated cost has been deducted from the capital raising of $741,087. These however have been treated as pre-acquisition costs for the purposed of the pro forma, and form part of the adjustment in (g) above.

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Veriluma

Making Better Decisions More Often.

Investor Presentation December 2015

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DISCLAIMER

This Presentation has been prepared by Veriluma Pty Ltd (Company) solely for summary information purposes only. It is not a prospectus or an offer document and does not constitute an invitation or offer of securities for purchase or subscription in any jurisdiction.

The information contained herein is a summary about Veriluma only, general in nature and does not purport to be all-inclusive or to contain all of the information a prospective or existing investor may desire. In all cases, interested parties should conduct their own investigation and analysis of the Company and the data set forth in this information. Parmelia Resources Limited (Parmelia) has not been involved in the preparation of this Presentation and makes no representation or warranty whatsoever as to the accuracy or completeness of this information and disclaims and shall not have any liability for any representations (expressed or implied) regarding information contained in, or for any omissions from, this information or any other written or oral communications transmitted to the recipient in the course of its evaluation of Veriluma. This information included in this Presentation may contain certain statements and estimates provided by the Company with respect to the projected future performance of the Company. Such statements, estimates and projections reflect various assumptions by management of Veriluma concerning possible anticipated results, which assumptions may or may not be correct. No representations are made as to the accuracy of such statements, estimates or projections. Prospective investors will be expected to have conducted their own due diligence investigation regarding these and all other matters pertinent to the Company.

This Presentation may contain “forward looking statements.” Forward looking statements are subject to risk factors associated with the business of the Company, many of which are beyond the control of the Company. The expectations reflected in these statements are considered to be reasonable, but may be affected by a variety of factors and changes in underlying assumptions which could cause actual results or trends to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes or future results will not materially differ from these statements. You should not place undue reliance on forward looking statements and the Company and Parmelia, nor any of their directors, employees or advisers, assume any obligation to update such information.

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COMPANY OVERVIEW

Veriluma's software 'Intelfuze' takes into account quantitative and qualitative information and uses a patented Collaborative Decision Making engine to assess likely outcomes with degrees of certainty whilst identifying contributing risks.

Intelfuze helps individuals, businesses, governments and their agencies reduce the margin of error in critical decisions by ensuring the available facts, logic and reasoning are objective and transparent.

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BOARD AND MANAGEMENT

Veriluma

Rick Anstey
Chairman

- More than 28 years building and managing technology companies
- Corporate Advisor
- Early stage/seed VC fund manager
- Independent Director:
  - Technology One (ASX300: TNE)
  - Pioneer Mortgages
- Non Executive Director:
  - Concept Safety
  - Hoodlum
- Board Member
  - Australian Centre for Entrepreneurship at QUT

Elizabeth Whitelock
Chief Executive Officer

- Experienced in start-up & turn around
- Strong leader who builds committed, capable teams
- Client centric with success in direct and indirect software sales and services
- Data, analytics, business intelligence background
  - Ingres
  - SAS
  - IBM
  - Microstrategy

Craig Aspinall
Chief Technical Officer

- 18 years professional software development
- Five years leading and managing software development team
- Founder and CTO of technology solutions companies
- Seven years experience leading and managing teams
- Five years coaching development teams and leaders

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BOARD AND MANAGEMENT

Aaron Birkby
Advisor

- Entrepreneur In Residence for River City Labs Accelerator
- Co-founder and CEO of Silicon Lakes, a not-for-profit startup incubator
- Founded and built a software company to six million users in nine countries over eight years
- Developed and exited an IoT remote telemetry solution for coin-operated machines

Roger Bradbury
Advisor

- Professor, National Security College, ANU, Canberra
- Research at the interface of science, technology and national security, particularly in cyberspace
- Works in the Australian Intelligence Community on the strategic analysis of international science and technology issues
- Fellow of the CSIRO Centre for Complex Systems Science

Di Girvin
Financial Controller

- Bachelor of Commerce, Graduate Diploma of Chartered Accounting, Certificate of Public Practice
- Private Enterprise Practice, KPMG
- Wealth of experience in small business
- Strategically and operationally focused

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POWERFUL DECISIONS.

Intelfuze has been used by Australian intelligence agencies since 2012.

Intelligence analysts need to rapidly assess threats in order to deliver timely, objective, reliable insights which can be acted upon with certainty.

Intelfuze helps analysts rapidly assess threats from global security, foreign military, transnational terrorism and provides accurate assessments for decision makers.

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WHEN FACED WITH COMPLEX VARIABLES

How do you reach a decision?

Intelfuze provides greater insight to the risks and opportunities faced by decision makers, **despite** the *quantity* or *quality* of information available.

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COLLABORATIVE DECISION MAKING DEFINED

Verituma

Gartner defines Collaborative Decision Making:

“Platforms combine business intelligence and other sources of information used for decision making with social and collaboration capabilities and decision support tools and methodologies.”

“Brings the right decision makers and information together with decision tools to analyze data, examine an issue, brainstorm and evaluate options, agree on a course of action, and then capture the process to audit and mine for best practices.”

Independent research shows that organisations with collaborative technologies respond to business threats and complete key projects more rapidly. They also experience decreased time to market for new products and increased employee satisfaction.

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HOW WE HELP CREATE BETTER DECISIONS

Veriluma

1st Step: Question or Hypothesis

Identify the primary 'question' we wish to solve; Identify the 'issues' that might provide insight or evidence in reaching the answer

2nd Step: Relationships

Describe the relationships between the 'issues' ie how they interact, influence or drive one another

3rd Step: Inform

Add information, evidence, opinions or assumptions to 'inform' the identified 'issues'

4th Step: Assess

Produce the 'answer' ie the outcome with likelihood and certainty for the question posed

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$2 BILLION CDM GLOBAL MARKET

Veriluma

- **IDC** in 2014 estimated **global revenues of $2 billion with 38.2% compound annual growth in the last five years**

IDC
Analyze the Future

- ***"Collaborative Decision Making (CDM) is rising with at least five years from mainstream adoption. There is a viable market today for vendors in this zone."*** **-** *Gartner 2013*

Gartner®

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GLOBAL APPLICATIONS

- Government Departments
- Defence Agencies
- Policing
- Counter Terrorism
- Merger and Acquisition
- Legal Outcomes
- Mining
- Banking and Finance
- Insurance
- Healthcare
- Environmental Agencies
- Education
- Marketing
- Research

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MULTIPLE INDUSTRIES & APPLICATIONS

Veriluma

FINANCIAL SERVICES

- Mergers & Acquisitions: Harvard Business Review valued global M&A at $US3.6 trillion in Q4 2014 with 70-90% failure rate
- Risk Mitigation
- Credit Risk Rating
- Fraud Detection
- Wealth Management
- Asset Management
- Strategic Planning
- Track and predict market trends: likelihood of property bubbles bursting

INDUSTRY

- Criticality of parts within a production line/mining operation
- Risks and threats to future development sites:
  - Political/Cultural
  - Environmental
  - Financial
- Project Management – risks obstructing successful delivery
- Strategic planning & competitive positioning
- Predicting impacts of weather, politics, crises

PROFESSIONAL SERVICES

- Assess and analyse complex cases with multiple lists of suspects and multilayered evidence
- Track long term operations for example organised crime, requiring transparency and oversight
- Criminal law – strategy tool for prosecution or defence
- Assessing success of personal injury, family law and estate claims

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POST M&A CASE STUDY EXAMPLE: SUCCESS OF COMBINED FIRMS

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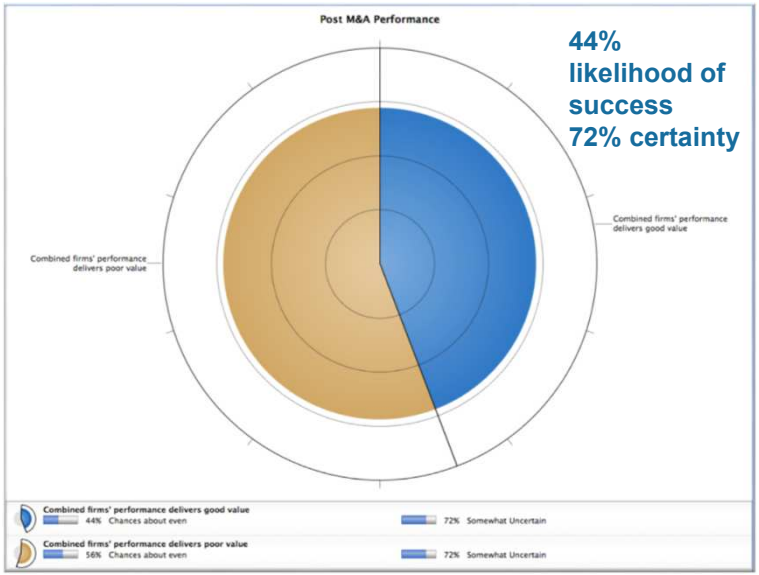

44% likelihood of success 72% certainty

Organisational behaviour contributes in a negative way

What contributed to the result

Contributions

Financial Position +3%
Chances about even and Very Uncertain (53%)

Organizational Behavior −25%
Unlikely and Uncertain (25%)

Strategic Logic +12%
Somewhat Likely and Uncertain (62%)

Contributions

Acquisition Experience −16%
Somewhat Unlikely and Uncertain (34%)

Cultural Compatibility −41%
Very Unlikely and Somewhat Certain (9%)

Relative Sizes −28%
Unlikely and Somewhat Uncertain (22%)

Cultural compatibility is one of the red flags (or risks) to the success of this acquisition

Evidence

Participants have compatible cultures
Very Unlikely and Somewhat Certain (10%)

Contributions

Information sharing and communication within each of the firms −15%
Somewhat Unlikely and Uncertain (35%)

Managers' risk taking within each of the firms −15%
Somewhat Unlikely and Uncertain (35%)

Managers' transparency in conflict solving within each of the firms −27%
Unlikely and Uncertain (23%)

Measures with which to judge managerial performance within each of the firms −8%
Somewhat Unlikely and Very Uncertain (42%)

The clear communication of manager responsibility within each of the firms −22%
Unlikely and Uncertain (28%)

The procedures in decision making within each of the firms −22%
Unlikely and Uncertain (28%)

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FURTHER CASE STUDIES

Veriluma

Avian Flu: the likelihood of a flu virus becoming a pandemic

- Result achieved in two days with the input of six medical and veterinary experts
- Same threat assessment took the US Government scientists and mathematicians six months

Stuxnet: determining the origins of a cyber attack on the Iranian nuclear facility

- In 2010, a Veriluma assessment predicted the US Government with Israel was most likely the developer of the Stuxnet Trojan
- In 2012, President Obama admitted US Government were behind the attack

Iraq: what is the political future of the country?

- In 2013, Veriluma was asked by a European intelligence agency, to assess whether Iraq would become a democracy, revert to dictatorship or partition
- Assessment determined that Iraq was highly likely to partition

Retrospective assessments

- Should the Netherlands have known earlier during WWII that Germany would invade?
- Should the USA have known Russia would deploy missiles in Cuba in 1962?

Further case studies can be found in the Appendices.

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COMPETITION

Veriluma

Business Intelligence and Analytics Vendors

- Despite increasing investment in Business Intelligence many organisations continue to make poor decisions
- A few Business Intelligence vendors are providing 'optional add-ons' for Collaborative Decision Making to facilitate better and faster decisions
- Analysis of data collated remains at the heart of the offering and cannot consider 'unknowns' or subjective input

Specific Collaborative Decision Making Offerings

- A handful of vendors offer tools for decisions within specific parameters eg industry focus
- Each handles the decision making *process* differently

Veriluma's Point of Difference

- Complementary to big data and analytics
- Patented approach is unique
- Veriluma determines outcome despite the *quantity* or *quality* of information available
- Known, unknown, uncertain, unreliable
- Subjective opinions
- Global application across industries

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UNIQUE DIFFERENCE

Veriluma

- At the core of the patented engine is a mathematical calculus based on **Subjective Logic**
- Subjective Logic is suitable for analysing situations involving **uncertainty** and **incomplete** knowledge
- Our engine can deal with what we know **AND** can also consider what we don't know
- *Known* can be an opinion - a belief about something
- Intelfuze can take a feed of quantifiable data (known and historical) and combine it with an expert's prediction (his subjective opinion)
- Assessments provide insight of the likely outcome (with confidence) about a situation based on the information available at that time
- Assessments can be repeatedly executed - as new information or opinions arrive or change

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PARTNERSHIPS

Veriluma

Global Defence Contractor	Represents Veriluma primarily within the Defence and Intelligence agencies in Canberra.
ONIQUA *Application vendor to asset-intensive industries such as mining, oil, gas, exploration and utilities*	Veriluma's engine assesses the criticality of parts and their business impact to minimise production downtime for **Oniqua** clients.
Marketlend *Peer-to-Peer lending platform for the SME market*	**Marketlend** is a peer to peer lender using an independent trustee and securitisation methods. Marketlend uses the Veriluma engine to assess the likelihood and certainty of an applicant repaying the loan.
LEGAL LOGIX	A Joint Venture to create disruptive legal applications for a global market initially with a focus on Personal Injury which is typically 'No win, no fee'.
Disruptive Vendors/Technologies: **Financial Services including M&A** **Professional Services/Consulting**	Discussions underway with services/application vendors to embed Veriluma's engine within their technology/service offerings to new and existing clients.

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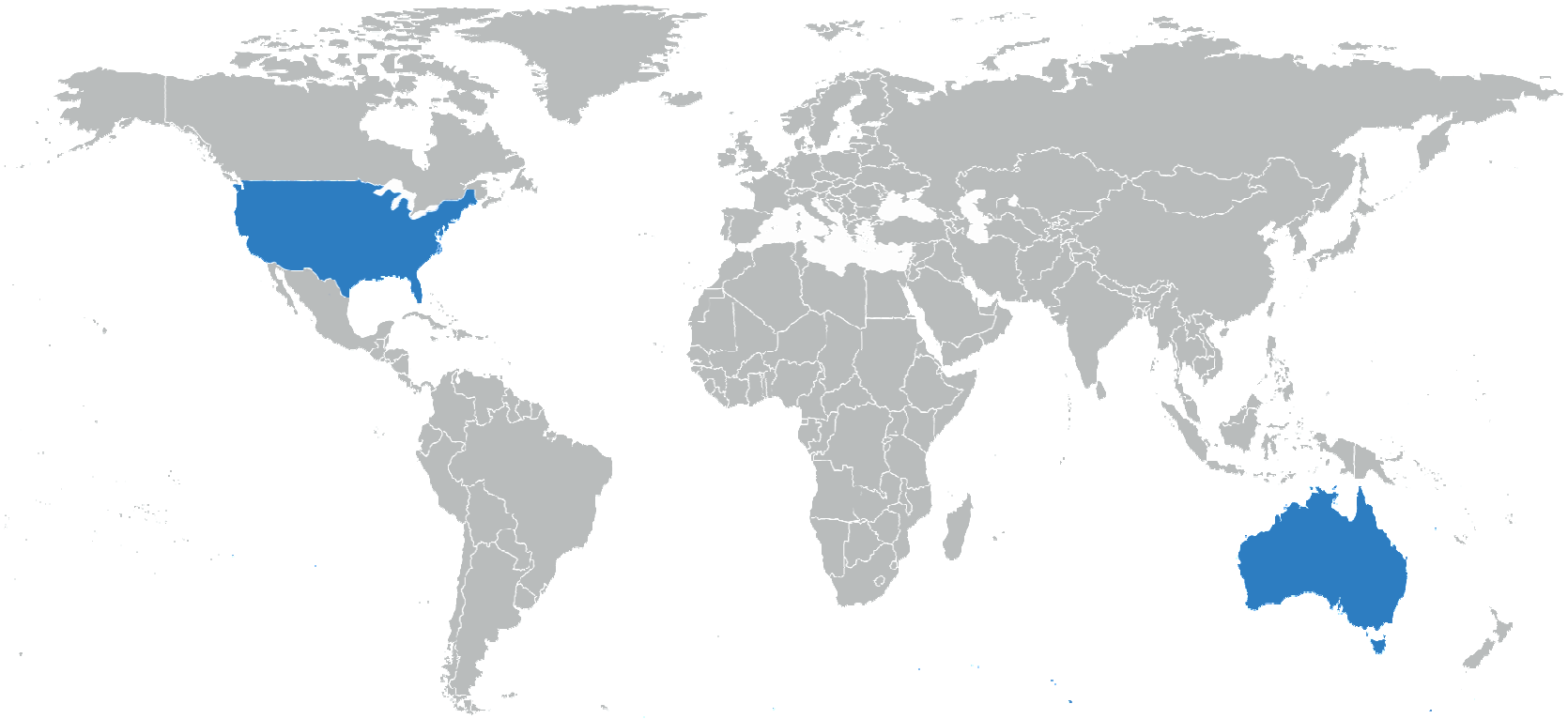
PATENTS

Registered patents protect Veriluma products:

- **United States Patent** - 7720787 issued 18 May 2010
- Australian Patent - 2006202485 issued 12 July 2010



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COMMERCIALISATION

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COMMERCIALISING THE FIVE 'EYES'

Veriluma

The FIVE 'Eyes'

- An intelligence alliance between USA, Canada, UK, Australia, New Zealand
- Defence intelligence is our heritage - we will continue to focus on this sector, leveraging our existing client base to expand into other agencies and jurisdictions

Next steps

- **Secure the Australian Intelligence community**
  - Recruit an Account Executive with defence/intelligence background
    - Strong contacts into the sector
    - Based in Canberra
    - Penetrate federal agencies beyond defence
    - Works directly
    - Works indirectly by securing partnerships with system integrators and defence contractors

- **Secure international partnerships to leverage and penetrate the FIVE 'Eyes'**
  - Leveraging the Australian client base and partnerships

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THE PATH TO COMMERCIALISATION

Veriluma

People

- Technical expertise to develop and maintain
- Product specialists for pre and post sales support
- Sales capability for direct sales (Federal Government)
- Sales capability for indirect sales (Channels Management)
- Advisory Board
- Marketing and communications

Re-architecture of current application to a hosted platform

- Device and data agnostic
- Highly scalable

Sourcing and developing vertical solutions

- In the first instance with partners using their domain expertise

Engage Gartner

- 12 month program
- To build company profile
- Who, where and when to target
- Increased global awareness
- Geographic expansion and visibility
- Analyst engagement

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COMMERCIALISATION STREAMS

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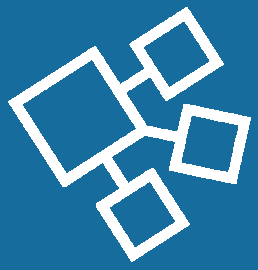
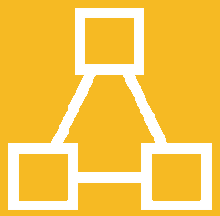


Horizontal Solution

Subscription
Per Analyst/Project
Consulting
Education
Support



SaaS Vertical Solutions

Subscription
Volume/Value
Rates

White Label

Subscription
Consumption
Consulting
Education
Support

On Premise

Subscription
Per Analyst/Project
Consulting
Education
Support

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SUMMARY

Veriluma

- **Patented** Collaborative Decision Making software
- Intelfuze delivers clear forecast outcomes to individuals, businesses and governments with degree of certainty and risks
- Intelfuze currently helps Australian intelligence agencies to assess global security, foreign military, transnational terrorism threats and provides accurate assessments for defence decision makers
- Targeting what is currently a $2 billion market with 38.2% compound annual growth
- Multiple global applications across banking and finance, M&A, government departments, legal and insurance industries already identified
- Commercialisation strategy underway with international patents secured

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PREDICTIVE INTELLIGENCE FOR COMPLEX DECISIONS.

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APPENDICES

The Collaborative Decision Making Process

Intelfuze Approach

Case Study Snapshots

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COLLABORATIVE DECISION PROCESS

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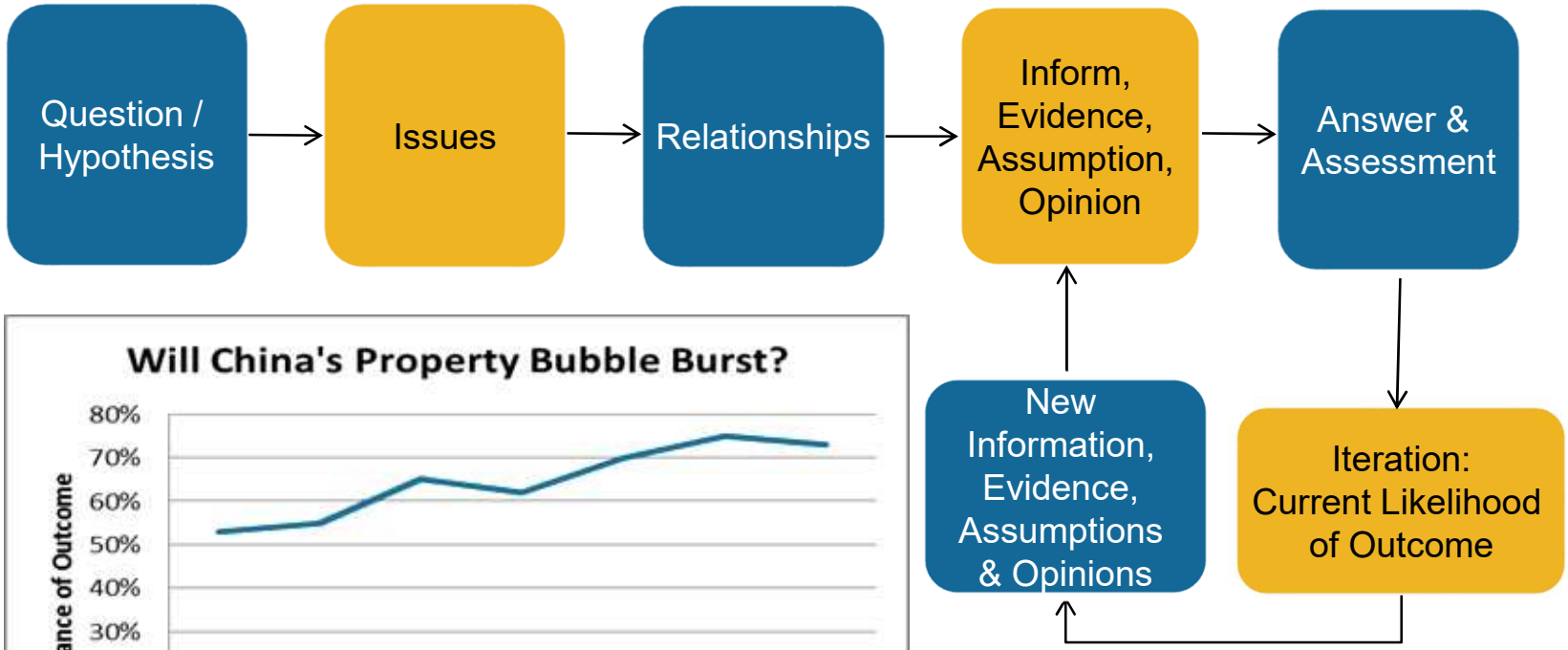

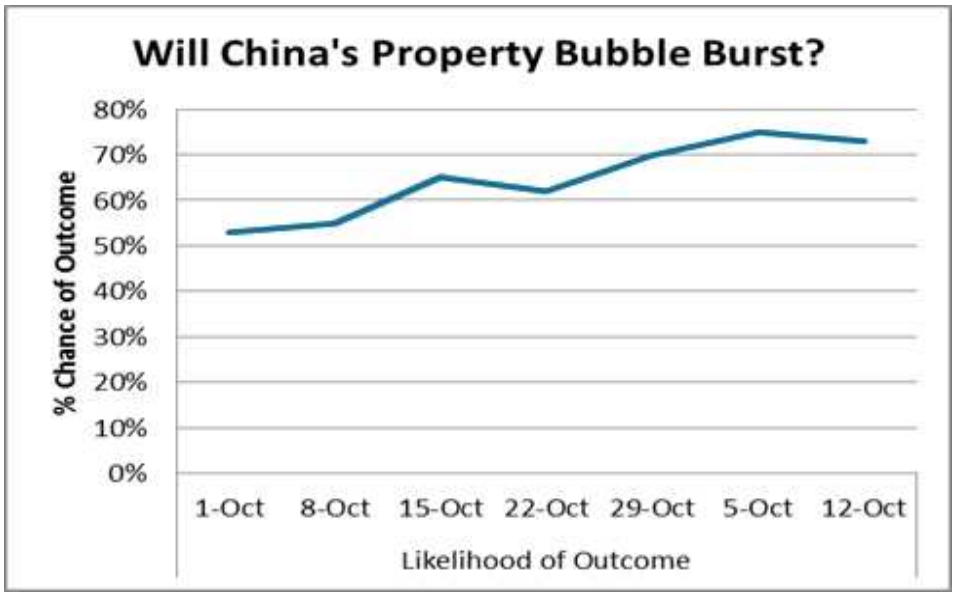

Assess and track situations over time as information changes.

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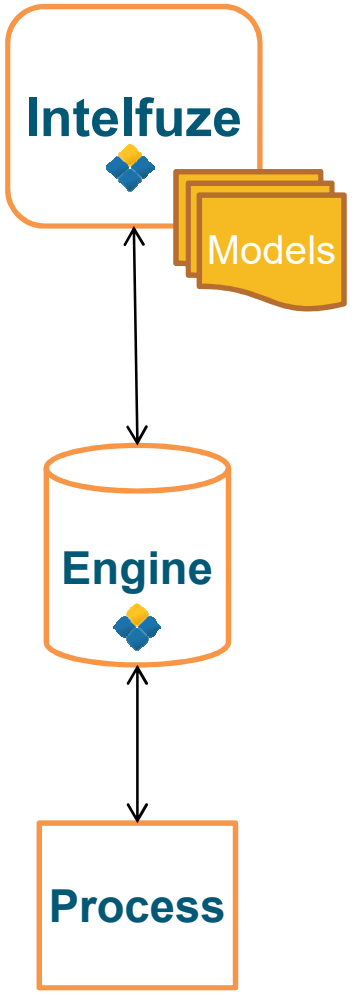
INTELFUZE AND THE COLLABORATIVE DECISION PROCESS

Veriluma

- Designed for analysts to create greater insight and results, for problems, hypotheses and questions
- The user interface provides analysts with a workbench to build models of problems, add data and assess the likelihood and certainty for the modeled problem
- Models can be built by clients or partners or by Veriluma using the client/partner's domain expertise
- Patented engine is based on Subjective Logic - the engine is called when an assessment is run
- From within Intelfuze, the analyst can execute an assessment at any time but most often when data is added or changed
- The patented engine can also be called by an external process (or application), execute an assessment and return the results without the Intelfuze interface (headless)



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INTELFUZE COMPLEMENTS DATA ANALYTICS

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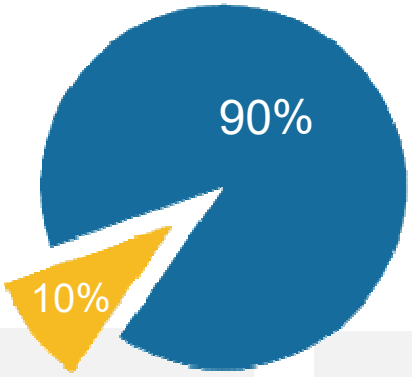
Rear Vision Mirror
Consider only the past?

'Traditional' Analytics



Foresight
Consider the unknown?

Intelfuze
Predictive Intelligence

- Best for **Data-Rich** problems
- Requires large amounts of data
- Does not gracefully cope with unreliable or missing information
- Typically **slow** to build models and derive results

Best for problems when you are not time-bound and when large amounts of data are available

- Best for **Data-Poor** problems
- Works with the data that is available
- Handles uncertain, unreliable and unknown information
- **Fast** to build models and derive results

Best for problems when you need answers fast or when data availability or quality is variable

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CHINA PROPERTY FAILURES $33 BILLION DUE

Veriluma

BLOOMBERG NEWS 20 JUNE 2014:

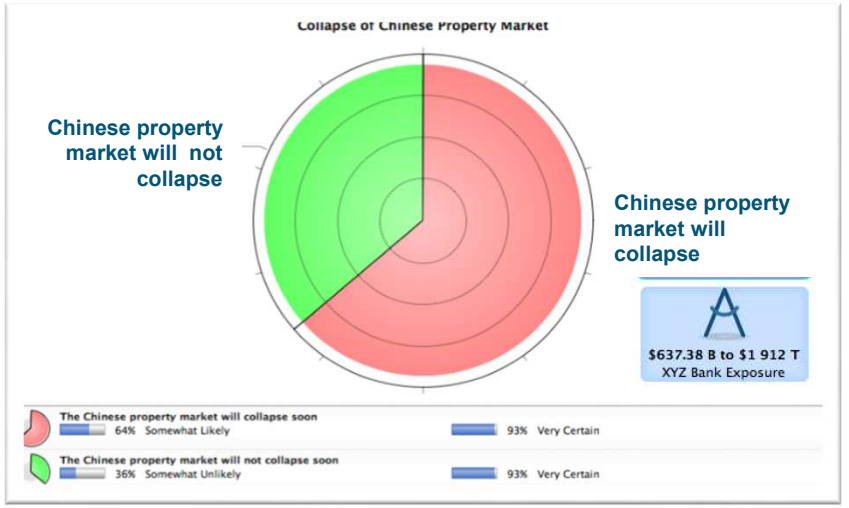
"Chinese property trusts face record repayments next year as the real-estate market cools, fueling speculation among bond funds that more developers will collapse.

The trusts, which channel money from wealthy individuals to smaller builders that have trouble obtaining financing elsewhere, must **repay 203.5 billion yuan ($32.7 billion) in 2015**, according to **Use Trust**, a Chinese research firm. That's almost double the 109 billion yuan due this year. New issuance of the products slumped to 40.7 billion yuan this quarter, the least in more than two years,

"Trust loan defaults will rise substantially," said Fiona Cheung, head of Asia credit at Manulife Asset Management's fixed-income team which oversees $44 billion globally. "It won't be surprising if there are **more collapses of China**'s property companies. Those companies that suffer from weak sales, that bought land too aggressively last year funded by debt and that have poor access to capital markets will potentially experience cash flow pressure."

JPMorgan Chase & Co. says the real-estate industry poses the biggest near-term risk to growth in the world's second-largest economy after new home prices dropped in the most cities in two years last month. China's banking regulator said on June 6 it will monitor developer finances, a sign of concern defaults may spread after the March collapse of Zhejiang Xingrun Real Estate Co., a builder south of Shanghai."

Collapse of the Chinese Property Market



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IRAQ'S POLITICAL FUTURE

The Washington Post **August 2014**

Middle East

Iraq's political situation appears dire as prime minister fiercely digs in

By Loveday Morris August 10 Follow @LovedayM

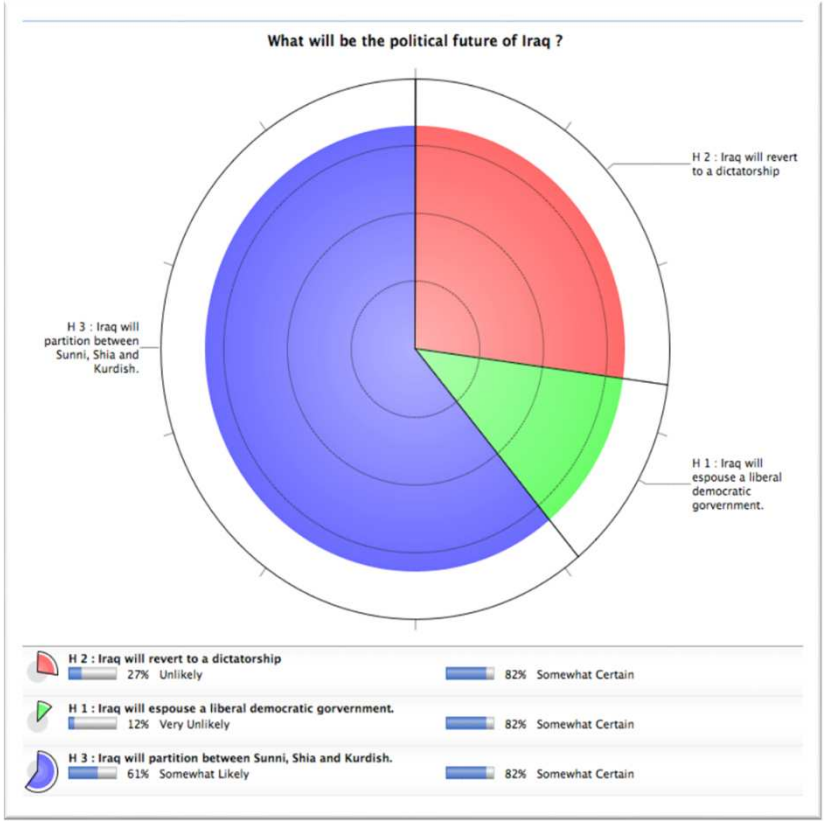
BAGHDAD — Special forces teams and army tanks surrounded the Green Zone housing Iraq's government as Prime Minister Nouri al-Maliki fiercely clung to power Sunday, taking the stability of the country to the brink at a moment when it is already facing a lethal challenge from radical Islamist fighters.

In actions that had all the markings of a political coup, Maliki gave a defiant late-night speech in Baghdad saying he would lodge a legal case against the country's president, who has resisted naming him as the candidate for another term as prime minister.

Tanks rumbled onto major bridges and roads in the capital as security forces were put on high alert, with militiamen also patrolling Shiite neighborhoods. The special forces teams surrounding the Green Zone were taking orders directly from the prime minister, security officials said.

Maliki's critics blame him for overseeing the de facto fragmentation of the country, with extremists from the Sunni-dominated Islamic State marauding through territory in the north and west and threatening Baghdad. They say Maliki, a Shiite, has persecuted and alienated members of the Sunni minority, driving them into the arms of radical groups.

The United States began airstrikes in northern Iraq on Friday as the al-Qaeda-inspired Islamic State threatened previously stable Kurdish territory, sending thousands of minority Christians and Yazidis fleeing for their lives.



With an objective assessment, decisions to act can be taken sooner or different decisions can be made.

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CYBER ATTACK ON IRANIAN NUCLEAR PLANT

Veriluma

The New York Times

Obama Order Sped Up Wave of Cyberattacks Against Iran

By DAVID E. SANGER
Published: June 1, 2012 | 360 Comments

WASHINGTON — From his first months in office, President Obama secretly ordered increasingly sophisticated attacks on the computer systems that run Iran's main nuclear enrichment facilities, significantly expanding America's first sustained use of cyberweapons, according to participants in the program.

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REPRINTS

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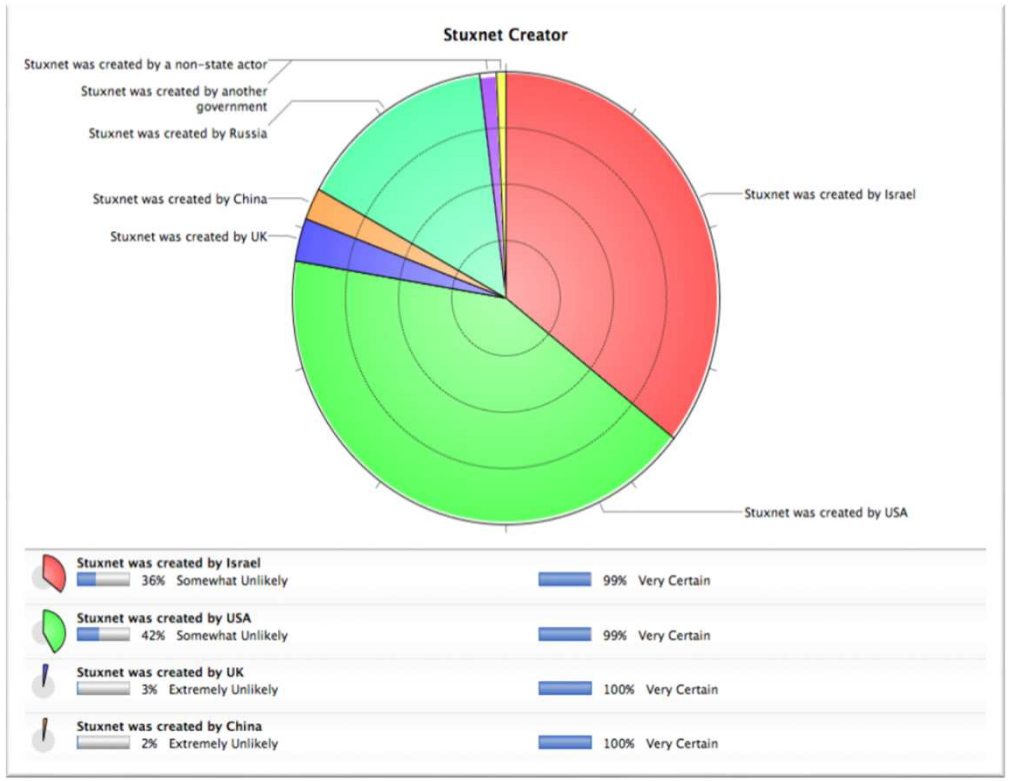
Hasan Sarbakhshian/Associated Press
Iran's nuclear enrichment facility at Natanz.

Mr. Obama decided to accelerate the attacks — begun in the Bush administration and code-named Olympic Games — even after an element of the program accidentally became public in the summer of 2010 because of a programming error that allowed it to escape Iran's Natanz plant and sent it around the world on the Internet. Computer security experts who began studying the worm, which had been developed by the United States and Israel, gave it a name: Stuxnet.

At a tense meeting in the White House Situation Room within days of the worm's "escape," Mr. Obama, Vice President Joseph R. Biden Jr. and the director of the Central Intelligence Agency at the time, Leon E. Panetta, considered whether America's most ambitious attempt to slow the progress of Iran's nuclear efforts had been fatally

Multimedia

In 2010, who created the Stuxnet Worm that shut down Iran's nuclear plant?



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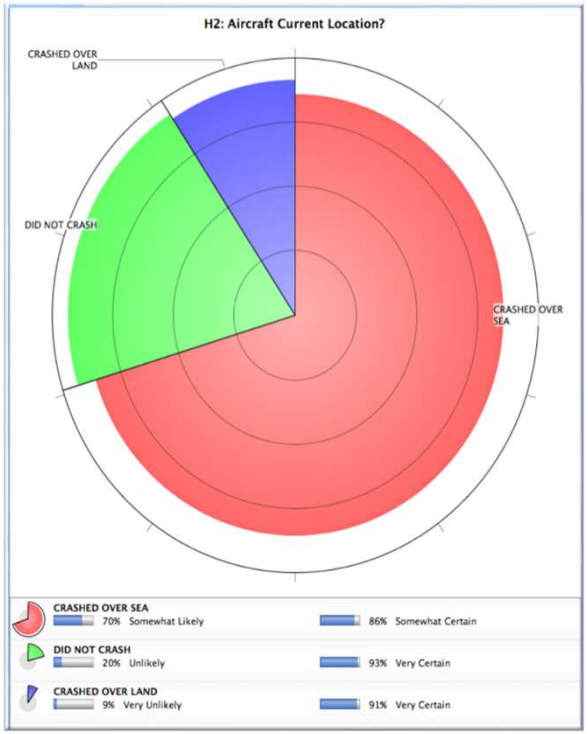
MH370 – MISSING FLIGHT

Veriluma

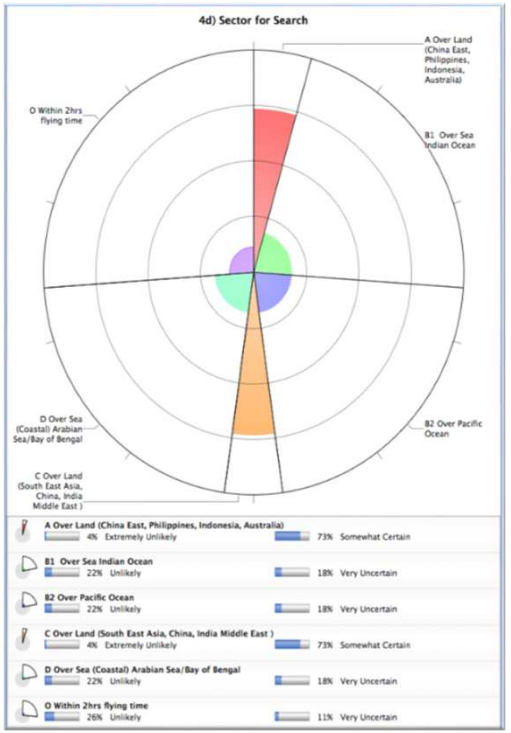
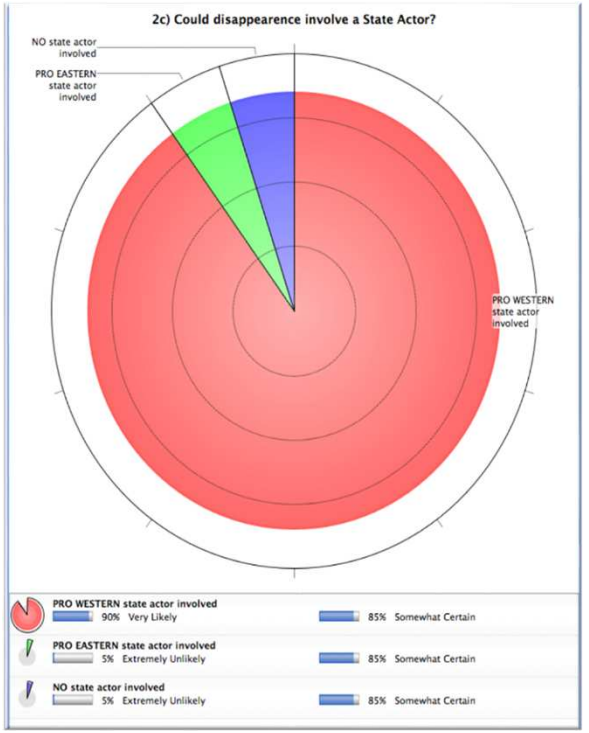
Where is the aircraft?

- possibilities where to search



Sector for search

- where specifically should we search?



Could a state actor be involved?