

8 December 2015

Companies Announcements Office
ASX Limited
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000



Dear Sir or Madam

NOTICE UNDER SECTION 708AA OF THE CORPORATIONS ACT 2001 (Cth)

Parmelia Resources Limited ACN 142 901 353 (**Company**) today announced a non-renounceable rights issue to shareholders whose registered addresses are situated in Australia and New Zealand (**Eligible Shareholders**) who were registered at 5.00pm WST on 14 December 2015 (**Record Date**), on the basis of 1 fully paid ordinary share (**New Shares**) for every 4 fully paid ordinary shares held, at an issue price of 3.5 cents per New Share to raise a total of approximately \$741,087 (before costs) (**Rights Issue**).

Eligible Shareholders at the Record Date (other than directors and related parties of the Company) may apply for additional shares over and above their entitlement at 3.5 cents per share.

In accordance with section 708AA(2)(f) of the Corporations Act 2001 (Cth) (**Corporations Act**), the Company hereby gives notice that:

1. The Company will offer the New Shares for issue without disclosure to investors under Part 6D.2 of the Corporations Act.
2. The Company is giving this notice under section 708AA(2)(f) of the Corporations Act.
3. As at the date of this notice, the Company has complied with:
 - (a) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
 - (b) section 674 of the Corporations Act.
4. As at the date of this notice, there is no information:
 - (a) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - (b) that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (ii) the rights and liabilities attaching to the New Shares.
5. The issue of the New Shares may affect the control of the Company. Below is some information on the effect that the issue of the New Shares may have on the control of the Company and the consequences of that effect. However, given the structure of the Rights Issue as a pro rate issue and the absence of any existing holders with voting power of greater

than 20%, the Rights Issue is not expected to have any material effect or consequences on the control of the Company.

The capital structure before and after the Rights Issue is set out below:

| Issued Shares | Number of Shares |
|---|---------------------------|
| Total issued capital at the date of this announcement | 84,695,706 Shares |
| Number of new shares offered under the Rights Issue | 21,173,927 New Shares |
| Total issued capital at completion of Rights Issue | 105,869,633 Shares |

As the Rights Issue is not underwritten, the potential effect of the Rights Issue on the control of the Company is as follows:

- (a) If all Eligible Shareholders take up their entitlements under the Rights Issue, then the Rights Issue will have no significant effect on the control of the Company.
- (b) If some Eligible Shareholders do not take up all of their entitlements under the Rights Issue, then the interests of those Eligible Shareholders will be diluted.
- (c) The proportional interests of ineligible foreign shareholders will be diluted because those ineligible foreign shareholders are not entitled to participate in the Rights Issue.
- (a) Shareholders that apply for additional shares above their entitlements may increase their interests beyond their entitlements. This could result in the dilution of holdings of those who did not accept their entitlements in full and those who did not apply for additional shares under the Rights Issue.
- (d) All eligible directors of the Company intend to fully take up their entitlements under the Rights Issue and may increase their interests beyond their entitlements if no other Eligible Shareholders participate in the Rights Issue and the directors of the Company do not issue any of the shortfall under the Rights Issue.
- (e) If no Eligible Shareholders other than the eligible directors of the Company take up their entitlements under the Rights Issue and the Company issues the shortfall under the Rights Issue to only a limited number of new investors, this may potentially result in a new investor having a substantial interest in the Company.

The above calculations assume that 21,173,927 Shares are issued under the Rights Issue. However, the exact number of New Shares to be issued pursuant to the Rights Issue cannot be calculated until entitlements have been determined following the Record Date.

Yours faithfully

Jay Stephenson
Company Secretary

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