



9 December 2015

Dear Shareholder

### Non-Renounceable Rights Issue – Notice to Shareholders

This letter is to notify you that on 8 December 2015 Parmelia Resources Limited ACN 142 901 353 (**Company**) announced a 1 for 4 non-renounceable pro rata entitlements issue of up to approximately 21,173,927 new shares (**New Shares**) at an issue price of 3.5 cents for each New Share to raise up to approximately \$741,087 before costs (**Offer**).

Each eligible shareholder will be entitled to subscribe for 1 New Share for every 4 Shares held at 5:00pm (WST) on 14 December 2015 (**Record Date**). Eligible shareholders (other than directors and related parties of the Company) will be able to apply for additional shares over and above their entitlements at 3.5 cents per share.

On the basis that no optionholders of the Company exercise their options before the Record Date, a maximum of approximately 21,173,927 New Shares will be offered under the Offer.

### Underwriting

The Offer is not underwritten.

### Eligibility for the Offer

The Offer is only open to shareholders of the Company who are registered as shareholders at 5:00pm (WST) on the Record Date with registered addresses in Australia or New Zealand (**Eligible Shareholders**).

Shareholders with registered addresses outside Australia and New Zealand are considered ineligible shareholders (**Ineligible Foreign Shareholders**) and cannot participate in the Offer.

The Company has determined that it is not practicable for Ineligible Foreign Shareholders to participate in the Offer having regard to the number of Ineligible Foreign Shareholders, the number and value of New Shares they would be offered and the costs of complying with the regulatory requirements of those jurisdictions.

### Purpose of the Offer

Proceeds raised from the Offer will be used by the Company:

- to maintain existing projects and, if needed, acquisition and due diligence costs related to the Veriluma Acquisition;
- for working capital and administration costs; and
- costs of the Offer.

### Offer Document and Offer Details

The Offer will be made to Eligible Shareholders without disclosure under Part 6D.2 of the *Corporations Act 2001 (Cth)* (**Corporations Act**).

Details of the Offer including the rights attaching to the New Shares, together with all other relevant information relating to the Offer are set out in the offer document which was lodged with ASX on 8 December 2015 (**Offer Document**). The Offer Document is currently available from [www.asx.com.au](http://www.asx.com.au) by searching the Company's ASX code "PML" and the Company's website [www.parmeliareources.com](http://www.parmeliareources.com).

A copy of the Offer Document together with the Entitlement and Acceptance Form will be sent to shareholders on or about 16 December 2015. The Offer Document will be sent to Ineligible Foreign Shareholders for information purposes only.

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The Offer is non-renounceable which means that the entitlements to participate in the Offer are not transferable and cannot be traded on the ASX or any other exchange or privately transferred. Therefore, Eligible Shareholders will not receive any value if they do not take up their entitlements (Entitlements).

The New Shares issued pursuant to the Offer will rank equally in all respect with existing fully paid ordinary shares on issue in the Company. Fractional Entitlements will be rounded up to the nearest whole New Share.

### Key Dates

The proposed timetable for the Offer is as follows:

Event	Date
"Ex" date for the Offer (being the date that shares start trading without the entitlements to participate in the Offer)	10 December 2015
Record Date to determine entitlements under the Offer	14 December 2015
Opening Date of the Offer	
Despatch of the Offer Document and Entitlement and Acceptance Form to Eligible Shareholders	16 December 2015
Closing Date for acceptances under the Offer	5.00pm (WST) on 29 December 2015
New Shares quoted on a deferred settlement basis	30 December 2015
ASX notified of under subscriptions under the Offer	4 January 2016
Issue date of the New Shares and deferred settlement trading of New Shares ends	5 January 2016
Trading of New Shares expected to commence	6 January 2016
Despatch of holding statements for New Shares	6 January 2016

The above dates are indicative only. The Company reserves the right, subject to the Corporations Act and the ASX Listing Rules, to extend the Closing Date or to withdraw the Offer at any time without prior notice.

### Effect on Capital Structure

The table below sets out the impact of the Offer on the capital structure of the Company:

Shares	Number
Existing Shares as at 8 December 2015	84,695,706
Maximum number of New Shares issued pursuant to the Offer	21,173,927
<b>Total issued Shares following completion of the Offer</b>	<b>105,869,633</b>

You should consider the Offer Document in deciding on whether to participate in the Offer.

If you have any queries concerning the Offer please contact the Company Secretary by telephone on 08 6141 3500.

Yours faithfully  
Parmelia Resources Limited



**Nigel Gellard**  
Chairman