

Veriluma Pty Ltd

ABN 16 117 490 785

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

Veriluma Pty Ltd
ABN 16 117 490 785

Contents

Director's Report	1
Independence Declaration	3
Statement of Profit or Loss and Other Comprehensive Income	4
Statement of Financial Position	5
Statement of Change in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Director's Declaration	17
Independent Auditor's Report	18

Veriluma Pty Ltd

ABN 16 117 490 785

Directors Report

The directors present this report on the company for the year ended 30 June 2015.

Directors

The names of the directors in office at any time during or since the end of the year are:

Richard Charles Anstey (appointed 07/11/2011)

Roger Hudson Bradbury (appointed 15/06/2011, ceased 26/02/2015)

The Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

The profit/(loss) of the company for the year after providing for income tax amounted to:

Year ended 30 June 2015: \$768,491 30 June 2014: loss \$(407,283)

A review of the operations of the company during the financial year and the results of those operations are in line with management expectations.

Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

Principal Activities

The principal activities of the company during the course of the year was software development

No significant change in the nature of these activities occurred during the year.

After Balance Date Events

At the end of December 2015, Parmelia Resources Limited ACN 142 901 353 (Parmelia) and the shareholders of Veriluma Pty Ltd ACN 117 490 785 (Veriluma) entered into a binding heads of agreement whereby Parmelia agreed to purchase 100% of the issued capital in Veriluma. In consideration of the shareholders selling 100% of the issued capital of Veriluma, Parmelia will issue the shareholders Parmelia Shares, in respective individual proportions. Parmelia will issue a prospectus pursuant to s709 of the Corporations Act to undertake a re-compliance capital raising. The principal raising will not be underwritten. Parmelia will, with Veriluma's assistance apply to the ASX, including by re-complying with the admission requirements of Chapters 1 and 2 of the ASX listing rules, for the re-quotation on the ASX of Parmelia's shares for trading on terms satisfactory to both Parmelia and Veriluma.

Veriluma Pty Ltd

ABN 16 117 490 785

Directors Report

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends

No dividends were declared or paid since the start of the financial year. No recommendation for payment of dividends has been made.

Director's Benefits

The directors have not received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company or related body corporate with the directors, a firm which the directors are a member or an entity in which the directors have substantial financial interest.

Indemnifying Officer or Auditor

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of the financial year, to any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the corporations Act is set out on page 3.

Signed in accordance with a resolution of the director:



Richard Charles Anstey

Director

Dated: 1.2.2016



DICKFOS DUNN ADAM
AUDIT AND ASSURANCE

Veriluma Pty Ltd

ABN 16 117 490 785

**AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF VERILUMA PTY LTD**

I declare to the best of my knowledge and belief, during the year ended 30 June 2015 there have been:

- (i) no contraventions of the auditor independence requirements set out in the Corporations Act 2001 in relation to the audit; and
- (i) Any applicable code of professional conduct in relation to the audit

DICKFOS DUNN ADAM

Audit & Assurance

.....
25.1.2016

Dated

.....
Tracey AD

T L Adam

SOUTHPORT



Veriluma Pty Ltd

ABN 16 117 490 785

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015	2014
		\$	\$
Revenue		74,744	88,899
Gross profit		74,744	88,899
Other Income	2	164,803	212,284
Depreciation expenses	3	(1,169)	(2,707)
Employee expenses		(341,859)	(418,054)
Other expenses		(79,415)	(143,690)
Operating profit		(182,896)	(263,268)
Finance costs	3	(184,739)	(144,015)
Profit before tax		(367,635)	(407,283)
Income tax (credit) expense		-	-
Profit/(loss) for the year		(367,635)	(407,283)
Other comprehensive income			
Debt forgiveness		1,136,126	-
Total comprehensive income for the year		768,491	(407,283)

4 The accompanying notes form part of the financial statements and should be read in conjunction with the attached independent auditor's report

Veriluma Pty Ltd

ABN 16 117 490 785

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	2015 \$	2014 \$
Assets			
Current Assets			
Cash and cash equivalents	4	1,653	8,706
Trade and other receivables	5	164,803	213,784
Other Assets	6	9,750	9,750
Total Current Assets		176,206	232,240
Non-Current Asset			
Property, plant and equipment	7	4,400	5,569
Intangible assets	8	498	585
Total Non-Current Assets		4,898	6,154
Total Assets		181,104	238,394
Liabilities			
Current Liabilities			
Trade and other payables	9	16,406	26,666
Other liabilities	10	57,428	41,969
Provisions	11	58,600	44,396
Current financial liabilities	12	910,907	1,756,091
Current Liabilities		1,043,341	1,869,122
Total Liabilities		1,043,341	1,869,122
Net Assets (Liabilities)		(862,237)	(1,630,728)
Equity			
Issued Capital	13	100	100
Retained profits / (accumulated losses)		(862,337)	(1,630,828)
Total Equity		(862,237)	(1,630,728)

5 The accompanying notes from part of the financial statements and should be read in conjunction with the attached independent auditor's report

Veriluma Pty Ltd
ABN 16 117 490 785
STATEMENT OF CHANGE IN EQUITY AS AT 30 JUNE 2015

	Issued Capital Ordinary \$	Retained Earnings \$	Total \$
Balance at 1 July 2013	100	(1,223,545)	(1,223,445)
Comprehensive income			
Profit / (Loss) for the year	-	(407,283)	(407,283)
Other comprehensive income for the year	-	-	--
Total comprehensive income for the year attributable to members of the entity		(407,283)	(407,283)
Shares issued	-	-	-
Dividends paid or provided for	-	-	-
Total transactions with owners	-	-	-
Balance at 30 June 2014	100	(1,630,828)	(1,630,728)
Balance at 1 July 2014	100	(1,630,828)	(1,630,728)
Comprehensive income			
Profit / (Loss) for the year	-	(367,635)	(367,635)
Other comprehensive income for the year	-	1,136,126	1,136,126
Total comprehensive income for the year attributable to members of the entity		768,491	768,491
Shares issued	-	-	-
Dividends paid or provided for	-	-	-
Total transactions with owners	-	-	-
Balance at 30 June 2015	100	(862,337)	(862,237)

Veriluma Pty Ltd
ABN 16 117 490 785
STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2015

	Notes	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		279,963	345,402
Payments to suppliers and employees		(393,484)	(530,147)
Interest received		265	5,053
NET CASH FLOWS FROM OPERATING ACTIVITIES	14	<u>(113,256)</u>	<u>(179,693)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of property, plant and equipment		-	1,889
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>-</u>	<u>(1,889)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of loans and borrowings		106,203	170,515
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>106,203</u>	<u>170,515</u>
Net increase in cash held		(7,053)	(7,289)
Cash at beginning of year		8,706	15,995
Cash and cash equivalent at end of year	4	<u>1,653</u>	<u>8,706</u>

Veriluma Pty Ltd

ABN 16 117 490 785

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

Veriluma Pty Ltd (the 'company') is a company limited by shares, incorporated and domiciled in Australia. The company is primarily involved in software development.

In the opinion of the directors, the company is not a reporting entity. The financial statements of the company have been prepared as special purpose financial statements for distribution to the members.

The company is a for-profit entity.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and the significant accounting policies disclosed below, which the director has determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous year unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The material accounting policies that have been adopted in the preparation of the statements are as follows:

Accounting Policies

(a) Income Tax

Income tax expense comprises current tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(b) Property, Plant and Equipment

Each class of property, plant and equipment are carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by the director to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Veriluma Pty Ltd
ABN 16 117 490 785
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Depreciation

Items of property, plant and equipment are depreciated from the date they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of the property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonable certain that the company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- | | |
|--------------------------|--------------|
| • Computer Equipment | 5 – 10 Years |
| • Computer Software | 2 – 5 Years |
| • Furniture and fittings | 5 – 10 Years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(c) Intangibles

(i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes.

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to

preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

(d) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are recognised as expenses in profit or loss immediately.

Veriluma Pty Ltd
ABN 16 117 490 785
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted. Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method. The effective interest method is used to allocate interest income or interest expense over the relevant year and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models. The company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(e) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting year. Employee benefits have been measured at the amounts expected to be paid when the liability is settled, plus any related on-costs.

(f) Revenue

(i) Research and development incentives

Research and development incentives are recognised at fair value where there is reasonable assurance that the income will be received and all conditions will be met. Research and development incentives relating to expense items are recognised as income over the years necessary to match the grant to the costs they are compensating.

(ii) Other Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

Veriluma Pty Ltd
ABN 16 117 490 785
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(h) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial year of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the income statement in the year in which they are incurred.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

(j) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for current financial year

(k) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

(l) New Accounting Standards for Application in Future Years

A number of new standards, amendments to standards and interpretations are effective for annual years beginning after 1 July 2012, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the company are set out below. The company does not plan to adopt these standards early.

(i) *AASB 9 Financial Instruments (2010), AASB 9 Financial Instruments (2009)*

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting. AASB 9 (2010 and 2009) are effective for annual years beginning on or after 1 January 2015 with early adoption permitted. The adoption of AASB 9 (2010) is expected to have an impact on the companies financial assets, but no impact on the companies financial liabilities.

Veriluma Pty Ltd
ABN 16 117 490 785
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

(ii) AASB 119 Employee Benefits (2011)

AASB 119 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. For defined benefit plans, removal of the accounting policy choice for recognition of actuarial gains and losses is not expected to have any impact on the company. However, the company may need to assess the impact of the change in measurement principles of expected return on plan assets. AASB 119 (2011) is effective for annual years beginning on or after 1 January 2013 with early adoption permitted.

(m) Going Concern

The financial statements have been prepared on a going concern basis, which contemplated the continuation of normal business operations, the realisation of assets and settlement of liabilities in the normal course of business.

For the year ended 30 June 2015, the company incurred a profit of \$776,791, resulting in a net cash outflow of \$7,053.

The shareholders have confirmed they will provide ongoing support as required to enable the company to be able to pay its debt as and when they become due and payable.

The Directors further confirm they are aware of their fiduciary duties not to allow the company to trade or incur debts without the ability to meet the company's financial obligations.

Note 2: Other Income	2015	2014
	\$	\$
Research & Development incentives	164,803	212,284
Total Other Income	<u>164,803</u>	<u>212,284</u>

Note 3: Profit from Ordinary Income		
Amortisation of intangible assets	86	86
Audit of the financial report	8,300	-

Note 4: Cash and Cash Equivalents		
Cash at bank	1,553	8,606
Cash on hand	100	100
Total cash and cash equivalents	<u>1,653</u>	<u>8,706</u>

Veriluma Pty Ltd
ABN 16 117 490 785
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
Note 5: Trade and Other Receivables		
	\$	\$
Trade debtors	-	1,500
Research & Development incentives receivable	164,803	212,284
Total trade and other receivables	<u>164,803</u>	<u>213,784</u>
Note 6: Other Assets		
Deposits	9,750	9,750
Total other assets	<u>9,750</u>	<u>9,750</u>
Note 7: Property, Plant and Equipment		
Leasehold improvements:		
At cost	27,276	27,276
Less accumulated depreciation	(24,886)	(24,117)
Total leasehold improvements	<u>2,390</u>	<u>3,159</u>
Plant and equipment:		
At cost	4,000	4,000
Less accumulated depreciation	(1,990)	(1,590)
Total plant and equipment	<u>2,010</u>	<u>2,410</u>
Total property, plant and equipment	<u>4,400</u>	<u>5,569</u>
Note 8: Intangible Assets		
Other intangibles:		
At Cost	48,690	48,690
Less accumulated amortisation	(48,192)	(48,105)
Total intangible assets	<u>498</u>	<u>585</u>
Note 9: Trade and Other Payables		
Trade and other payables	8,106	26,666
Accrued expenses	8,300	-
Total trade and other payables	<u>16,406</u>	<u>26,666</u>

Veriluma Pty Ltd
ABN 16 117 490 785
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 10: Other Liabilities	2015	2014
	\$	\$
PAYG payable	6,764	26,682
Superannuation payable	24,325	14,360
GST Payable	5,874	927
Other tax liability	20,465	-
Total other liabilities	57,428	41,969

Note 11: Employee Provisions		
Provision for annual leave	58,600	44,396
Total employee provisions	58,600	44,396

Note 12: Financial Liabilities		
Loans from related parties	431,474	222,666
Loans from other entities	-	40,000
Convertible notes	479,160	1,493,425
Bank	273	-
Total financial liabilities	910,907	1,756,091

Note 13: Issued Capital		
250,000 fully paid shares (15,747 ordinary shares & 234,253 Class A)	100	100

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

On 14th May 2015 the company issued 234,253 Class A shares for nil cost, on 23rd November 2015 all class A shares were converted to Ordinary shares, resulting in 250,000 ordinary shares issued.

Veriluma Pty Ltd
ABN 16 117 490 785
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 14: Cash Flow Information	2015	2014
	\$	\$
Profit/(loss) for the year	776,791	(407,283)
Non-cash flows in profit		
- Depreciation and amortisation	1,255	2,793
- Debt forgiveness	(1,136,126)	-
- Accrued finance costs	184,739	144,015
Changes in assets and liabilities		
- Increase/(decrease) in trade payables	(10,260)	14,976
- Increase/(decrease) in other liabilities	15,460	11,507
- Increase/(decrease) in accrued expenses	(8,300)	-
- Increase/(decrease) in employee provisions	14,204	5,026
- Decrease/(increase) in trade receivables	48,981	46,607
- Decrease/(increase) in GST receivable	-	2,666
Net cash provided by/(used in) operating activities	(113,256)	(179,692)

Note 15: Commitments

- Not later than one year	29,450	37,200
- Between one year and five years	-	29,450

Note 16: Contingent Liabilities

In the opinion of the Directors, there are no contingent liabilities that require reporting at 30 June 2015 (30 June 2014: None).

Note 17: Post Balance Sheet Events

At the end of December 2015, Parmelia Resources Limited ACN 142 901 353 (Parmelia) and the shareholders of Veriluma Pty Ltd ACN 117 490 785 (Veriluma) entered into a binding heads of agreement whereby Parmelia agreed to purchase 100% of the issued capital in Veriluma. In consideration of the shareholders selling 100% of the issued capital of Veriluma, Parmelia will issue the shareholders Parmelia Shares, in respective individual proportions.

Parmelia will issue a prospectus pursuant to s709 of the Corporations Act to undertake a re-compliance capital raising. The principal raising will not be underwritten. Parmelia will, with Veriluma's assistance apply to the ASX, including by re-complying with the admission requirements of Chapters 1 and 2 of the ASX listing rules, for the re-quotations on the ASX of Parmelia's shares for trading on terms satisfactory to both Parmelia and Veriluma.

Also in December 2015, a deed of compromise and release was executed to forgive the financial liability owing to SJSJ Pty Ltd. This debt was forgiven in light of the planned takeover of Veriluma by Parmelia. As part of this arrangement, Veriluma must pay a \$300,000 cash payment plus the issues of Parmelia shares to SJSJ Pty Ltd when the takeover takes place.

Veriluma Pty Ltd
ABN 16 117 490 785
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 18: Related Parties

Shareholder loans are disclosed in note 12 as related party loans. All other related party transactions are within the ordinary course of business.

Veriluma Pty Ltd
ABN 16 117 490 785
DIRECTORS DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies prescribed in Note 1 to the financial statements.

The directors of the company declares that:

1. the financial statements and notes are in accordance with the Corporations Act 2001:

(a) comply with Accounting Standards described in Note 1 to the financial statements and the Corporations Regulations; and

(b) give a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

2. in the director's opinions, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Richard Charles Anstey

Director

1.2.2016



DICKFOS DUNN ADAM
AUDIT AND ASSURANCE

Veriluma Pty Ltd
ABN 16 117 490 785
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF VERILUMA PTY LTD

Report on the financial report

We have audited the accompanying financial report of Veriluma Pty Ltd, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the director's declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair and have determined that the accounting policies described in Note 1 of the financial report are appropriate to meet the requirements of the *Corporations Act 2001* and to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, previously provided to the directors of Veriluma Pty Ltd, would be in the same terms if provided to the directors as at the date of this auditor's report.



Veriluma Pty Ltd
ABN 16 117 490 785
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF VERILUMA PTY LTD

Unqualified Auditor's Opinion

In our opinion, the financial report of Veriluma Pty Ltd is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- (ii) complying with Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

Emphasis of Matter

We draw attention to note 1(m) Going Concern which describes that the financial statements 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 the company is dependent on the success of the execution of the heads of agreement with Parmelia Resources and continued support from shareholders and financiers.

Other Matter

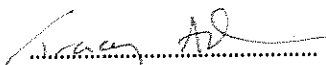
2013 audited financial report contained a qualified auditors opinion, due to the inability to validate opening balances as at 1 July 2012. As a result qualified auditor reports were also reported in 2014. These audit reports should be read in conjunction with the accumulated losses reported in the statement of equity at reporting date.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 of the financial report which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

DICKFOS DUNN ADAM
Audit & Assurance

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T L Adam

1.2.2016
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Dated

SOUTHPORT