

30 January, 2017

ASX Announcement

December 2016 Quarterly Activities Report

Highlights:

- Contract secured with the Australian Department of Defence to build a prototype 'Indicators and Warnings' model for Climate and Disaster Preparedness
- Early testing commenced for Family Law prescriptive analytics model for Legal Logix
- Commercial discussions commenced with a leading property investment advisory company to develop a number of decision-making models
- Pilot solution developed for regulatory bodies monitoring advice by financial planners and advisors
- Six additional prospective trial programs commenced with companies and agencies across government, national intelligence, financial and legal services.

Corporate

- Mark Carrick appointed Vice President of Global Public Safety, based in Chicago, USA
- Dr Stuart Nettleton appointed Chief Data Scientist
- Prescriptive analytics technology hub opened on the Gold Coast, Australia
- Cash position as at 31 December 2016 (unaudited): \$1,452million.

Veriluma Limited (**ASX: VRI, Veriluma** or the **Company**), Australia's leading prescriptive analytics software provider, is pleased to provide the following update on its December quarter activities.

Contract secured with the Australian Department of Defence

During the quarter, Veriluma entered into a landmark contract with the Australian Government Department of Defence (DoD) to build a prototype 'Indicators and Warnings' model for Climate and Disaster Preparedness. The project is an important new collaboration between several Government and research agencies including the DoD. Veriluma anticipates that the success of the project will provide ongoing and mutually beneficial relationships between the Company and other participating agencies of the Australian Federal Government.

The project will be led by Dr Stuart Nettleton, Veriluma's Chief Data Scientist. Dr Nettleton will be assisted by Professor Roger Bradbury, a highly experienced and well respected researcher and consultant within both DoD and the wider strategic policy environment.

The prototype will be built in the first six months of 2017. The contract value for the pilot project is \$124,525 and includes a six-month licence of the software and associated services, as part of Phase One of a potentially larger project.

Commercial Partnerships Activities

During the quarter, Veriluma announced progress on several proposals with partners and clients:

- Early testing commenced on prescriptive analytics model for Legal Logix;
- Discussion underway with law firms in the UK and South Africa in relation to commercial agreements;
- Commercial discussions underway with a leading property investment advisory company to develop a number of decision-making models;
- RegTech (Regulatory Technology) pilot solution developed with a focus on oversight for regulatory bodies and licensees monitoring advice by financial planners and advisors, to ensure that they act in the best interest of their clients;
- A further six trial programs underway with companies and agencies across various sectors – government, national intelligence, financial and legal services.

CORPORATE

Key Personnel Appointments

Veriluma's capabilities were significantly expanded within both the national intelligence and data science sectors respectively, through the appointments of Mark Carrick as Vice President of Global Public Safety and Dr Stuart Nettleton as Chief Data Scientist.

Vice President of Global Public Safety

Mark Carrick (GAICD) is a former NSW Commander of Counter Terrorism Intelligence and one of Australia's most experienced counter terrorism practitioners.

A veteran of public safety concerns, Mr Carrick has more than 20 years' experience in law enforcement and is regarded as an expert in the field of threat identification and management. In 2007, Mr Carrick was appointed the National Capability Advisor on Counter Terrorism Intelligence to the Australian Government's National Counter Terrorism Committee, a position he held for more than five years.

Mr Carrick is actively engaged with prospective partners in the US across Federal Government and national security and will be instrumental in the launch of Veriluma's threat assessment solutions.

Chief Data Scientist

Adding to the Company's senior team, Dr Stuart Nettleton has joined Veriluma as Chief Data Scientist. Dr Nettleton comes from a background in financial services and has previously held positions at AIDC, ABN Amro and Foster Stockbroking. Dr Nettleton has extensive experience in mathematics, information systems, data science, technological innovation and predictive intelligence.

Prescriptive Analytics Technology Hub opened in Queensland

The Company opened its second office in November, a Prescriptive Analytics Technology Hub located on the Gold Coast. The Technology Hub will complement the Company's principal Sales and Executive office located in Sydney.

The office has the present capacity to house approximately 10 staff, and currently operates as a small footprint to base the Company's technology staff and consultants with an aggressive plan to expand its size and presence over the next 12-24 months.

Quarterly Expenditure

Net cash movement (unaudited) was \$1,355 million during the quarter. Estimated cash outflow for the next quarter is \$970 thousand. The Company is well progressed with regards to a potential divestment of its legacy exploration tenements assets in WA. In the event that these can be divested then there will be a decrease in expenditure for future quarters with respect to costs associated with holding these assets plus any additional funds realised on a sale. While there is no guarantee that the process will lead to a sale, the Board remains committed to early divestiture to ensure focus and funds remain committed to the Company's core business.

Cash

The Company's cash position at 31 December 2016 (unaudited) was \$1,452 million.

For more information, please contact:**Elizabeth Whitelock****Chief Executive Officer**elizabeth.whitelock@veriluma.com

+61 411 544 711

Peter Taylor**Investor & Media Relations**peter@nwrcommunications.com.au

+ 61 412 036 231

www.veriluma.com

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Veriluma Limited

ABN

48 142 901 353

Quarter ended ("current quarter")

31 December 2016

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | 5 |
| 1.2 Payments for | | |
| (a) research and development | (117) | (117) |
| (b) product manufacturing | - | - |
| (c) advertising and marketing | (75) | (89) |
| (d) leased assets | - | - |
| (e) staff costs | (187) | (370) |
| (f) administration, corporate costs and operating costs | (881) | (1,018) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | - | 1 |
| 1.5 Interest and other costs of finance paid | (5) | (9) |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | 247 |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (1,265) | (1,350) |

| | | |
|--|---|---|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | - | - |
| (b) businesses (see item 10) | - | - |
| (c) investments | - | - |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|------------------------------------|--|
| (d) intellectual property | - | - |
| (e) other non-current assets | - | - |
| 2.2 Proceeds from disposal of: | | |
| (a) property, plant and equipment | - | - |
| (b) businesses (see item 10) | - | - |
| (c) investments | - | - |
| (d) intellectual property | - | - |
| (e) other non-current assets | - | - |
| 2.3 Cash flows from loans to other entities | (23) | (23) |
| 2.4 Dividends received (see note 3) | - | - |
| 2.5 Exploration assets | (86) | (110) |
| 2.6 Net cash from / (used in) investing activities | (109) | (133) |

| | | |
|---|-----------|--------------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of shares | - | 3,500 |
| 3.2 Proceeds from issue of convertible notes | - | - |
| 3.3 Proceeds from exercise of share options | - | - |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | - | - |
| 3.5 Proceeds from borrowings | 31 | 31 |
| 3.6 Repayment of borrowings | - | (667) |
| 3.7 Transaction costs related to loans and borrowings | - | - |
| 3.8 Dividends paid | - | - |
| 3.9 Bank Guarantee | (12) | (12) |
| 3.10 Net cash from / (used in) financing activities | 19 | 2,852 |

| | | |
|---|---------|---------|
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of quarter/year to date | 2,807 | 18 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (1,265) | (1,350) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | (109) | (133) |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | 19 | 2,852 |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|--------------------------------------|--|----------------------------|---------------------------------------|
| 4.5 | Cash and cash equivalents through acquisition | - | 65 |
| 4.6 | Cash and cash equivalents at end of quarter | 1,452* | 1,452 |

* There was a variance in the Company's net cash position from the estimate provided in the Company's last Appendix 4C and the actual cash position provided herein. This was due to an increase in one off expenses incurred with the transition to a listed Company and additional costs arising for which Veriluma is responsible under the Share Sale Agreement such as unpaid trade creditors acquired during the acquisition of Veriluma Limited, and corporate and exploration expenses that were received after acquisition date that related to pre-acquisition.

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|------------|--|----------------------------|-----------------------------|
| 5.1 | Bank balances | 1,452 | 2,807 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 1,452 | 2,807 |

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

96

-

Payment to directors for salary, wages and directors fees.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

(23)

Loan to Legal Logix Holdings Pty Ltd for Research and Development.

8. Financing facilities available

Add notes as necessary for an understanding of the position

| | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|---------------------------------|--|---|
| 8.1 Loan facilities | (40) | 0 |
| 8.2 Credit standby arrangements | - | - |
| 8.3 Other (please specify) | - | - |

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

ANZ Overdraft

| 9. Estimated cash outflows for next quarter | \$A'000 |
|---|----------------|
| 9.1 Research and development | 182 |
| 9.2 Product manufacturing | - |
| 9.3 Advertising and marketing | 73 |
| 9.4 Leased assets | - |
| 9.5 Staff costs | 223 |
| 9.6 Administration, corporate costs and operating costs | 418 |
| 9.7 Other (Exploration cost) | 74 |
| 9.8 Total estimated cash outflows | 970 |

| 10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above) | Acquisitions | Disposals |
|--|---------------------|------------------|
| 10.1 Name of entity | - | - |
| 10.2 Place of incorporation or registration | - | - |
| 10.3 Consideration for acquisition or disposal | - | - |
| 10.4 Total net assets | - | - |
| 10.5 Nature of business | - | - |

