

# Veriluma Limited

## ACN 142 901 353

# Prospectus

### **Offer**

For the offer of at least 173,333,334 and up to 180,000,000 Shares at an issue price of \$0.03 each to raise at least \$5,200,000 and up to \$5,400,000 before costs (**Offer**).

The Offer is conditional upon Shareholders approving the issue of Shares pursuant to the Offer at the Company's annual general meeting to be held on 9 August 2019 (**Offer Condition**). No Shares will be issued pursuant to the Offer until such time as the Offer Condition is satisfied. If the Offer Condition is not achieved, then the Company will not proceed with the Offer and will repay all Application Monies received (without interest) in accordance with the Corporations Act.

Unless otherwise noted, all references to Securities in this Prospectus are made on the basis that the 1:10 consolidation for which Shareholder approval is being sought at the annual general meeting of the Company to be held on 9 August 2019, has been approved and taken effect.

### **Important**

This Prospectus is a transaction specific prospectus issued in accordance with section 713 of the Corporations Act. This is an important document that should be read in its entirety. Please read the instructions in this Prospectus and the Application Form regarding applying under the Offer. Investors who do not understand this document should consult their stockbroker, lawyer, accountant or other professional adviser before deciding to apply for Shares under the Offer. The Shares offered under this Prospectus should be considered highly speculative.

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## Important Information

### General

This Prospectus is issued by Veriluma Limited ACN 142 901 353 (**Company**).

The Prospectus is dated 26 July 2019 and a copy of this Prospectus was lodged with ASIC on that date. Neither ASIC nor ASX take responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

This Prospectus is a transaction specific prospectus for offers of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act.

No securities will be issued pursuant to this Prospectus later than 13 months after the date of this Prospectus.

Persons wishing to apply for Shares pursuant to the Offer must do so using the Application Form attached to or accompanying this Prospectus or by applying online at <https://vrioffer.thereachagency.com>. Before applying for Shares, investors should carefully read this Prospectus so that they can make an informed assessment of the rights and liabilities attaching to the Shares, the assets and liabilities of the Company, its financial position and performance, profits and losses, and prospects.

Any investment in the Company should be considered highly speculative. Investors who do not understand this document should consult their stockbroker, lawyer, accountant or other professional adviser before deciding to apply for Shares under the Offer.

No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in this Prospectus. Any such information or representations may not be relied upon as having been authorised by the Directors.

### Prospectus availability

ASIC has confirmed that the Corporations Act allows distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

A copy of this Prospectus can be downloaded from the Company's website at [www.veriluma.com](http://www.veriluma.com) by following the link, and also through the online application facility at <https://vrioffer.thereachagency.com>. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company on +61 8 9481 0389.

### Risk factors

Before deciding to invest in the Company, investors should read the entire Prospectus and in particular, in considering the prospects of the Company, investors should consider the risk factors that could affect the financial performance and assets of the Company. Investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues). The Shares offered by this Prospectus should be considered highly speculative. Refer to Section 4, which details certain risk factors considered to be relevant for the purposes of the Offer.

### Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including ASX's website at [www.asx.com.au](http://www.asx.com.au)). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Prospectus and do not constitute part of the Offer. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in Shares or the Company.

### Financial amounts

All references in this Prospectus to "\$", "A\$", "AUD", "dollars" or "cents" are references to Australian currency unless otherwise stated.

Any discrepancies between the totals and sums of components in tables contained in this Prospectus are due to rounding.

### Definitions and time

A number of terms and abbreviations used in this Prospectus have defined meanings which are set out in Section 7.

All references to time relate to the time in Sydney, New South Wales unless otherwise stated or implied.

### Governing law

This Prospectus and the contracts that arise from the acceptance of the applications under this Prospectus are governed by the law applicable in New South Wales and each applicant submits to the exclusive jurisdiction of the courts of New South Wales.

## Corporate directory

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### Directors

Elizabeth Whitelock  
*Managing Director and CEO*

Andrew Grover  
*Executive Chairman*

Steve Formica  
*Non-Executive Director*

Arunava Sengupta  
*Non-Executive Director*

### Company Secretary

Ben Secrett

### ASX Code

VRI

### Legal Adviser

Edwards Mac Scovell  
Level 7, 140 St Georges Terrace  
Perth WA 6000

### Corporate Adviser

King Corporate Pty Ltd  
Suite 1, Level 6, 350 Collins Street  
Melbourne VIC 3000

### Principal Place of Business

Level 3, 33-35 Atchison Street  
St Leonards NSW 2065

Telephone: +61 2 9146 4742  
Email: [investor@veriluma.com](mailto:investor@veriluma.com)  
Website: [www.veriluma.com](http://www.veriluma.com)

### Registered Office

Level 11, London House  
216 St Georges Terrace  
Perth WA 6000

### Share Registry\*

Computershare Investor Services Pty Ltd  
Level 11, 172 St Georges Terrace  
Perth WA 6000

### Auditor

KPMG  
Level 11, Corporate Centre One  
Cnr Bundall Road & Slatyer Avenue  
Bundall QLD 4217

### Lead Manager

Taurus Capital Group Pty Ltd  
(AFS Representative 1260921)  
Authorised Representative of R M Capital Pty Ltd  
(AFSL 221938)  
1/799 Beaufort Street  
Mount Lawley WA 6050

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*\*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.*

## 1. Timetable

The indicative timetable for the Offer is as follows:

Event	Date
Lodgement of a copy of this Prospectus with ASIC	26 July 2019
Lodgement of a copy of this Prospectus and an Appendix 3B with ASX	26 July 2019
Opening Date	29 July 2019
Meeting date to seek Shareholder approval for the Offer	9 August 2019
Closing Date	5:00pm (AEST) on 16 August 2019
Issue of Shares under the Offer and holding statements sent	23 August 2019
Re-instatement to quotation of Shares (including Shares issued under the Offer) on ASX	28 August 2019

**Note:** The above timetable is indicative only. The Company reserves the right, subject to the Corporations Act, the Listing Rules and other applicable laws, to vary the dates, including by extending the Closing Date or accepting late applications, either generally or in particular cases, without notice.

## 2. Details of the Offer

### 2.1 Offer

Under the Offer, the Company is offering at least 173,333,334 and up to 180,000,000 Shares (on a post-Consolidation basis) at an issue price of \$0.03 each to raise at least \$5,200,000 and up to \$5,400,000.

Details specific to the Offer are set out in this Section 2.1.

#### (a) Offer Condition

The Offer is conditional upon Shareholders approving the issue of Shares pursuant to the Offer at the Company's annual general meeting to be held on 9 August 2019 (**Meeting**) (**Offer Condition**).

If the Offer Condition is not achieved, then the Company will not proceed with the Offer and will repay all Application Monies received (without interest) in accordance with the Corporations Act.

#### (b) Shares

The Shares offered under the Offer are of the same class and will rank equally in all respects with existing Shares on issue. A summary of the rights and liabilities attaching to the Shares is set out in Section 5.3.

#### (c) Minimum Subscription

The minimum amount which must be raised under the Offer is \$5,200,000 (**Minimum Subscription**). If the Minimum Subscription has not been raised within 4 months after the date of this Prospectus, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

#### (d) Purpose

The primary purpose of the Offer is to raise at least \$5,200,000 and up to \$5,400,000 before costs. Details of the intended use of funds is set out in Section 3.2.

This Prospectus has also been prepared for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Closing Date.

#### (e) Offer period

The Offer will open on the Opening Date and close on the Closing Date.

#### (f) Applications and payment

Applications under the Offer must be for a minimum of 16,667 Shares (i.e. \$500.01). No brokerage, stamp duty or other costs are payable by applicants.

Applications may be made by applying online and paying the Application Monies electronically by BPAY®, or by completing a paper version of the Application Form attached to or accompanying this Prospectus and returning that Application Form to the Company according to the instructions on the Application Form together with a cheque for payment of the Application Monies.

Applications for Shares under the Offer can be made by the following methods.

- Online

To apply online, please visit <https://vrioffer.thereachagency.com>, follow the instructions and then complete a BPAY® payment. If you do not make a BPAY® payment, your Application will be incomplete and will not be accepted. Your online Application Form and payment must be completed and received **by no later than 5:00pm AEST on the Closing Date**.

If you are applying online using an online Application Form and making your application payment by BPAY®, you will be given a BPAY® biller code and unique customer reference number for your Application once you have completed your online Application Form. BPAY® payments must be made from an Australian dollar bank account of an Australian financial institution. Using these BPAY® details, you must:

- (i) access your participating BPAY® financial institution either through telephone or internet banking;
- (ii) select to use BPAY® and follow the prompts;
- (iii) enter the supplied biller code and unique customer reference number;
- (iv) enter the total amount to be paid which corresponds to the value of Shares you wish to apply for under each Application;
- (v) select which account you would like your payment to come from;
- (vi) schedule your payment to occur on the same day that you complete your online Application Form. Applications without payment will not be accepted; and
- (vii) record and retain the BPAY® receipt number and date paid.

You should be aware that your own financial institution may implement earlier cutoff times with regard to BPAY® or other electronic payments and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® or other electronic payments are received by 5:00pm (AEST) on the Closing Date.

- Paper

To apply in paper form, please complete the Application Form by filling in the details in the spaces provided and attach a cheque (cash will not be accepted) for the Application Monies indicated on the Application Form.

Completed Application Forms and accompanying cheques, made payable to "Veriluma Limited" and crossed "Not Negotiable", must be mailed or delivered to the address set out on the Application Form, with sufficient time to be received by or on behalf of the Company by no later than 5:00pm (AEST) on the Closing Date.

All Application Monies will be paid into a trust account.

The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may still be treated by the Company as valid. The Board's decision as to whether to treat an application as valid and how to construe, amend or complete the Application Form is final.

It is the responsibility of applicants outside Australia to obtain all necessary approvals in order to be issued Shares under the Offer.

The return of the Application Form will be taken by the Company to constitute a representation by the applicant that it:

- has received a completed and unaltered printed or electronic copy of this Prospectus accompanying the form and has read it in full;
- agrees to be bound by the terms of this Prospectus and the Constitution;
- has obtained all necessary approvals and complied with all relevant laws and regulations for the purposes of Section 2.2 (to the extent that they are applicable) and confirms its eligibility in respect of an offer of Shares under the Offer;
- declares that all details and statements in the Application Form are complete and accurate;
- declares that it is over 18 years of age and has full legal capacity and power to perform all of its rights and obligations under the Application Form;
- acknowledges that once the Application Form is returned and payment of the corresponding Application Monies is made this constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form;
- agrees to being issued the number of new Shares that it applies for (or such other number issued in accordance with this Prospectus);
- authorises the Company to register it as the holder(s) of the Shares issued to it under the Offer;
- acknowledges that the information contained in this Prospectus is not investment advice or a recommendation that the Shares are suitable for it, given its investment objectives, financial situation or particular needs; and
- authorises the Company and its officers or agents to do anything on its behalf necessary for the new Shares to be issued to it, including correcting any errors in its Application Form or other form provided by it and acting on instructions received by the Share Registry using the contact details in the Application Form.

The Company reserves the right to close the Offer early, subject to compliance with ASX Listing Rules.

(g) **ASX quotation**

The Company will apply to ASX within 7 days after the date of this Prospectus for quotation of the Shares offered under this Prospectus. If the Shares offered under this Prospectus are not admitted to quotation within 3 months after the date of this



Prospectus, the Company will not issue any Shares and will repay all Application Monies without interest as soon as practicable.

(h) **Application Monies**

All Application Monies for Shares to be issued pursuant to the Offer will be held in trust on behalf of applicants until the Shares are issued or, if the Shares are not issued, until the Application Monies are returned to applicants. All interest earned on Application Monies (including those which do not result in the issue of Shares) will be retained by the Company.

## 2.2 Applicants outside Australia

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or to extend such an invitation.

No action has been taken to register this Prospectus or otherwise to permit an offering of securities in any jurisdiction outside Australia. It is the responsibility of non-Australian resident investors to obtain all necessary approvals and comply with all relevant laws and regulations for the issue to them of securities offered pursuant to this Prospectus. Return of the Application Form will constitute a representation and warranty that there has been no breach of such laws and regulations.

## 2.3 Lead manager

The Company has engaged Taurus Capital Group Pty Ltd (ACN 622 499 834) (AFS Representative 1260921), an authorised representative of R M Capital Pty Ltd (ACN 065 412 820) (AFSL 221938), (**Lead Manager**) to act as lead manager to the Offer.

The material terms of the engagement are:

- (a) **Term:** until three (3) months from the date of the Company's Shares being reinstated to official quotation on ASX.
- (b) **Fee:** The Company agrees to pay the Lead Manager (or its nominee/s) a management fee equal to 1% (plus GST) of the gross proceeds raised under the Offer) and a placement fee equal to 5% (plus GST) of the gross proceeds raised under the Prospectus, and, subject to shareholder approval, to issue the following securities to the Lead Manager (or its nominee/s):
  - (i) 9,000,000 Options (on a post-Consolidation basis) exercisable at \$0.04 on or before 30 June 2022; and
  - (ii) 9,000,000 Options (on a post-Consolidation basis) exercisable at \$0.08 on or before 30 June 2023.

The Lead Manager acknowledges it may be required to pass on some or all of its fees to other brokers and advisers that assist with the Offer.

- (c) **Termination:** The Company may terminate the engagement by providing 30 days' written notice to the Lead Manager.

## 2.4 Issues of Shares

Subject to the satisfaction of the Offer Condition, the issue of Shares under this Prospectus will occur in accordance with the timetable set out in Section 1. The Directors will determine the recipients of all the Shares. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. The Company will only issue

Shares under the Offer where the Directors are satisfied, in their sole discretion, that the issue of the Shares will not result in a person's voting power increasing above 20%.

## **2.5 CHESS and issuer sponsorship**

The Company operates an electronic CHESS sub-register and an electronic issuer sponsored sub-register. These two sub-registers make up the Company's register of Shares.

The Company will not issue certificates to security holders. Rather, holding statements (similar to bank statements) will be dispatched to security holders as soon as practicable after allotment. Holding statements will be sent either by CHESS (for security holders who elect to hold Shares on the CHESS sub-register) or by the Company's Share Registry (for security holders who elect to hold their Shares on the issuer sponsored sub-register). The statements will set out the number of Shares allotted under this Prospectus and the Holder Identification Number (for security holders who elect to hold Shares on the CHESS sub register) or Shareholder Reference Number (for security holders who elect to hold their shares on the issuer sponsored sub-register). Updated holding statements will also be sent to each security holder following the month in which the balance of their security holding changes, and also as required by the Listing Rules and the Corporations Act.

## **2.6 Privacy disclosure**

Persons who apply for Shares pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess applications for securities, to provide facilities and services to Shareholders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If the information requested is not supplied, applications for securities will not be processed. In accordance with privacy laws, information collected in relation to specific Shareholders can be obtained by that Shareholder through contacting the Company or the Share Registry.

## **2.7 Taxation**

It is the responsibility of all investors to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offer, by consulting their own professional tax advisers. Neither the Company nor the Directors accept any liability or responsibility in respect of the taxation consequences of the matters referred to in this Prospectus.

### 3. Effect of the Offer

The principal effect of the Offer will be to:

- (a) increase the cash reserves by \$5,076,000, assuming all Shares offered under this Prospectus are issued, and by \$4,888,000 based on the Minimum Subscription being raised, each after deducting the applicable costs of the Offer and immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 741,304,799 as at the date of this Prospectus to 2,593,006,133, assuming all Shares offered under this Prospectus are issued, and to 2,526,339,473 based on the Minimum Subscription being raised (each on a pre-Consolidation basis).

#### 3.1 Capital structure

The effect of the Offer on the capital structure of the Company on a pre-Consolidation basis and a post-Consolidation basis (assuming either the minimum or maximum number of Shares offered under this Prospectus are issued as applicable to the relevant column, no other Securities are issued, and no other existing Securities are exercised or converted into Shares) is set out below (ignoring the effect of rounding of fractional entitlements on an individual Security holder basis as a result of the Consolidation).

Security	Number (Pre-Consolidation)		Number (Post-Consolidation)	
	Minimum Subscription	Maximum Subscription	Minimum Subscription	Maximum Subscription
<b>Shares<sup>1</sup></b>				
Shares on issue as at the date of this Prospectus	741,304,799	741,304,799	74,130,480	74,130,480
Shares offered under the Offer	1,733,333,340	1,800,000,000	173,333,334	180,000,000
Shares proposed to be issued following Shareholder approval at the Meeting <sup>2</sup>	51,701,334	51,701,334	5,170,134	5,170,134
<b>Total Shares on issue on completion of the Offer</b>	<b>2,526,339,473</b>	<b>2,593,006,133</b>	<b>252,633,948</b>	<b>259,300,614</b>
<b>Performance Shares</b>				
Performance Shares on issue as at the date of this Prospectus <sup>3</sup>	30,000,000	30,000,000	3,000,000	3,000,000
Performance Shares proposed to be issued following Shareholder approval at the Meeting <sup>4</sup>	100,000,000	100,000,000	10,000,000	10,000,000
<b>Total Performance Shares on issue on completion of the Offer</b>	<b>130,000,000</b>	<b>130,000,000</b>	<b>13,000,000</b>	<b>13,000,000</b>

Security	Number (Pre-Consolidation)		Number (Post-Consolidation)	
Options <sup>5</sup>	Minimum Subscription	Maximum Subscription	Minimum Subscription	Maximum Subscription
Options on issue as at the date of this Prospectus	20,000,000	20,000,000	2,000,000	2,000,000
Options proposed to be issued following Shareholder approval at the Meeting	520,000,000	520,000,000	52,000,000	52,000,000
Options proposed to be issued to related parties following Shareholder approval at the Meeting	180,000,000	180,000,000	18,000,000	18,000,000
<b>Total Options on issue on completion of the Offer</b>	<b>720,000,000</b>	<b>720,000,000</b>	<b>72,000,000</b>	<b>72,000,000</b>
Convertible Notes				
Convertible Notes on issue as at the date of this Prospectus	-	-	-	-
Maximum number of Convertible Notes proposed to be issued following Shareholder approval at the Meeting <sup>6</sup>	500,000	500,000	500,000	500,000
<b>Total Convertible Notes on issue on completion of the Offer</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>

**Notes:**

- The rights and liabilities attached to the Shares are summarised in Section 5.3.
- The Company is seeking Shareholder approval at the Meeting to issue a total of 51,701,334 Shares (on a pre-Consolidation basis) or 5,170,134 Shares (on a post-Consolidation basis) to Steve Formica, Arunava Sengupta, John Welsh and Andrew Grover (or their respective nominees) in lieu of directors' fees payable to them. Of these Shares, 4,000,000 (on a post-Consolidation basis) are proposed to be issued to Andrew Grover. The Company intends to issue these Shares after the fees have been accrued, and, subject to the terms of a waiver granted by ASX, these Shares will be issued no later than 30 days after the end of the financial year ending 30 June 2020. Therefore, and applying the same assumptions as applied to the table above, the total Shares on issue immediately following completion of the Offer excluding these Shares would be between 248,633,948 and 255,300,614 (on a post-Consolidation basis), with the additional 4,000,000 (on a post-Consolidation basis) to be issued after Andrew Grover's fees have accrued.
- Comprising 15,000,000 Class B Performance Shares and 15,000,000 Class C Performance Shares. Each Class B Performance Share converts into one Share on the software business operated by Veriluma Software Pty Ltd (ACN 117 490 785) (**Veriluma Software**) achieving sales revenue of not less than \$3,000,000 on or before 8 September 2019. Each Class C Performance Share converts into one Share on the software business operated by Veriluma Software achieving sales revenue of not less than \$10,000,000 on or before 8 September 2020. Alternatively, where these milestones are not satisfied the entire holding of each holder of Class B Performance Shares and Class C Performance Shares (as applicable) is converted into one Share. The Consolidation will have no effect on the performance hurdles, though the number of Performance Shares on issue will be reduced from 30,000,000 to 3,000,000. The full terms and conditions are set out in Schedule 1 of the Notice of Meeting released to ASX on 10 June 2016.
- The Company is seeking Shareholder approval at the Meeting to issue up to 25,000,000 Class D Performance Shares (on a pre-Consolidation basis) or 2,500,000 Class D Performance Shares (on a post-Consolidation basis) and 25,000,000 Class E Performance Shares (on a pre-Consolidation basis) or 2,500,000 Class E Performance

Shares (on a post-Consolidation basis) to each of Elizabeth Whitelock and Andrew Grover (or their respective nominees). Each Class D Performance Share converts into one Share on the Company's 30 trading day volume weighted average price of Shares as traded on ASX being not less than \$0.008 (on a pre-Consolidation basis) (\$0.08 on a post-Consolidation basis) on or before that date which is 3 years after the date of issue of the Performance Shares. Each Class E Performance Share converts into one Share on the Company's 30 trading day volume weighted average price of Shares as traded on ASX being not less than \$0.012 (on a pre-Consolidation basis) (\$0.12 on a post-Consolidation basis) on or before that date which is 3 years after the date of issue of the Performance Shares. Alternatively, where the respective milestone is not satisfied the entire holding of each holder of the relevant class of Performance Shares is converted into one Share. The full terms and conditions are set out in Schedule 7 of the Notice of Meeting.

5. The terms of these Options are set out in the table below.

**Pre-Consolidation**

Terms	Number
Options exercisable at \$0.003 on or before 4 April 2022	20,000,000
Options exercisable at \$0.004 on or before 30 June 2022*	350,000,000
Options exercisable at \$0.008 on or before 30 June 2023*	350,000,000
<b>Total</b>	<b>720,000,000</b>

**Post-Consolidation**

Terms	Number
Options exercisable at \$0.03 on or before 4 April 2022	2,000,000
Options exercisable at \$0.04 on or before 30 June 2022*	35,000,000
Options exercisable at \$0.08 on or before 30 June 2023*	35,000,000
<b>Total</b>	<b>72,000,000</b>

\* The Company is seeking Shareholder approval at the Meeting to issue these Options on completion of the Offer. The full terms and conditions are set out in Schedules 4 and 5 (as applicable) of the Notice of Meeting.

6. Each Convertible Note has a purchase price of \$1.00, a face value of \$1.10 and is convertible into Shares at any time prior to 28 March 2020 at a conversion price equal to the higher of \$0.002 (on a pre-Consolidation basis) or 80% of the volume weighted average price of Shares on ASX immediately prior to the date the noteholder gives written notice of conversion of the Convertible Notes (**Conversion Price**). Each Share issued upon conversion of a Convertible Note will be issued together with one free attaching Option (**Noteholder Options**) for every two Shares issued. The maximum number of Shares and Noteholder Options to be issued upon conversion of the Convertible Notes will be 275,000,000 and 137,500,000 respectively (on a pre-Consolidation basis) or 27,500,000 and 13,750,000 respectively (on a post-Consolidation basis). The final number of Shares and Noteholder Options to be issued will depend on the number of Convertible Notes issued and then converted and the Conversion Price. As at the date of this Prospectus the Company has drawn \$430,000 from the Facility which would result in 430,000 Convertible Notes being issued. However, more Convertible Notes would be issued if further funds are drawn from the Facility. The Company intends to redeem all of the Convertible Notes out of the funds raised from the Offer and therefore it is expected that no Convertible Notes will be converted into Shares or Options. Interest accrues on the purchase price of the Convertible Notes from the date of advance until converted or redeemed at a rate of 10% per annum and is payable in cash bi-monthly in arrears. The full terms and conditions of the Convertible Notes and Noteholder Options are set out in Schedule 2 and 3 respectively of the Notice of Meeting.

No Securities on issue are subject to escrow restrictions, either voluntary or ASX imposed.

Shareholders should note that if they do not participate in the Offer, their holdings will be diluted by approximately 70.0% or 70.8% if the minimum or maximum number of Shares offered under this Prospectus are issued, respectively. There will also be further dilution in the event other Shares are issued as proposed following Shareholder approval at the Meeting or where other Securities (existing and as proposed to be issued following Shareholder approval at the Meeting) are exercised or converted into Shares.

The capital structure on a fully diluted basis as at the date of this Prospectus is 791,304,799 Shares and on completion of the Offer (assuming the maximum number of Shares offered under this Prospectus are issued) would be 2,591,304,799 Shares (on a pre-Consolidation basis

or 259,130,480 on a post-Consolidation basis) and also assuming all other Securities proposed to be issued following Shareholder approval at the Meeting including pursuant to the mandate with the Lead Manager are issued would be 3,855,506,133 Shares (on a pre-Consolidation basis or 385,550,614 on a post-Consolidation basis).

### 3.2 Use of funds

The Company intends to apply funds raised from the Offer as follows:

Item	Minimum Subscription	Maximum Subscription
Marketing and sales <sup>1</sup>	\$578,000	\$578,000
Business and product development <sup>2</sup>	\$1,236,500	\$1,236,500
Administration expenses <sup>3</sup>	\$1,803,500	\$1,803,500
Repayment of debt <sup>4</sup>	\$770,000	\$770,000
Costs of the Offer <sup>5</sup>	\$312,000	\$324,000
Other general working capital <sup>6</sup>	\$500,000	\$688,000
<b>Total</b>	<b>\$5,200,000</b>	<b>\$5,400,000</b>

#### Notes:

1. The marketing and sales expenditure will be used for outreach and marketing initiatives to target and acquire new clients and partners, including within the government, defence and national security, banking and financial services, insurance, legal and health.
2. The business and product development expenditure will be used for ongoing development of the Company's patented prescriptive analytics software and new application specific solutions, and to grow the Company's client servicing ability.
3. This amount is the Company's corporate administration expenditure budget for the 24 months following reinstatement of its securities to trading on ASX. This includes wages, director fees, contractor fees, rent and outgoings, insurance, accounting, audit, legal, listing and registry fees, and other items of a general administrative nature.
4. As at the date of this Prospectus, the Company owes \$520,300 under the Facility (including the drawn down amount and the redemption premium), which includes the applicable redemption amount of the face value of the Convertible Notes. In the event that further amounts are drawn down under the Facility and additional interest accrued and unpaid before completion of the Capital Raising, these amounts will also be repaid out of the proceeds of the Capital Raising, with funds allocated to other general working capital reduced accordingly. This amount also includes the repayment of loans totalling approximately \$247,000 associated with the Joint Deed of Company Arrangement executed by the Company and Veriluma Software entered into on 12 March 2018 and wholly effectuated on 28 June 2018.
5. The Company has engaged the Lead Manager to assist with the Capital Raising. In consideration for services provided in connection with the Offer, the Company will pay to the Lead Manager (or its nominee/s), a fee of 6% (excluding GST) of the gross proceeds raised under the Offer. The additional costs of the Offer (as set out in Section 5.7) are to be paid out of the Company's existing cash reserves.
6. Other general working capital may be used for corporate expenditure items or in connection with any project, investment or acquisition, as determined by the Board at the relevant time.

In the event that the Company raises less than the Maximum Subscription under the Offer, the Company will reduce funds allocated to working capital after the applicable reduction in costs of the Offer.

The above table is a statement of current intentions as at the date of this Prospectus. Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors including, but not limited to, the success

of the Company's marketing and sales and business and product development programs, as well as regulatory developments and economic conditions. In light of this, the Company reserves the right to alter the way the funds are applied.

### **3.3 Pro-forma statement of financial position**

Set out in Annexure A to this Prospectus is an unaudited pro-forma statement of financial position of the Company prepared using the reviewed statement of financial position of the Company as at 31 December 2018 and on the basis of the accounting policies normally adopted by the Company.

The pro-forma statement of financial position shows the effect of the Offer, all issues of Securities proposed to be issued at the Meeting and debt repayments (constituting those associated with the DOCA together with the early redemption premium and the interest payment for the Facility) and is presented for both the Minimum Subscription and Maximum Subscription.

The unaudited pro-forma statement of financial position has been prepared for illustrative purposes only and gives effect to the transactions described in the notes to the pro-forma statement of financial position and the assumptions described therein as if they had occurred as of 31 December 2018.

The historical and pro-forma information is presented in an abbreviated form, insofar as it does not include all of the disclosure required by the Australian Accounting Standards applicable to annual financial statements. The unaudited pro-forma statement of financial position should be read in conjunction with the historical financial statements of the Company.

## 4. Risk factors

Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. The Company and its controlled entities have implemented appropriate strategies, actions, systems and safeguards against known risks, however, some are outside its control.

The Directors consider that the matters summarised in this Section 4, which is not exhaustive, represent some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks associated with an investment in the Company. Shareholders should carefully consider the following factors in addition to the other information presented in this Prospectus.

### 4.1 Specific risks

#### (a) Offer Condition and reinstatement to trading

The Offer is conditional upon the Offer Condition. If the Offer Condition is not achieved, then the Company will not proceed with the Offer and will repay all Application Monies received (without interest) in accordance with the Corporations Act. If the Offer Condition is not achieved there is no guarantee that the Company's securities will be reinstated to official quotation on ASX.

#### (b) Trading history

Upon completion of the Offer, Veriluma intends to actively increase the commercialisation and business development phases of its business model using funds received from the Offer and as such carries the risks of a business with limited commercialisation activity. Given Veriluma's limited trading history and its time subject to external administration, it is difficult to evaluate Veriluma's business or its prospects and no assurance can be given that Veriluma will be able to implement its business plan and ultimately become commercially viable. While Veriluma now earns revenue through customers paying to use its software and products, there is no certainty around the number of customers or partners (if any) that will use the software or products of Veriluma. Accordingly, Veriluma is not in a position to give any guidance around likely revenue or profitability.

#### (c) Reliance on key customers

Veriluma's foundation contracted customer was the Australian Defence Intelligence Organisation (**DIO**), with approximately 80% of Veriluma Software's revenue since 2012 generated by contracts and projects with agencies across the Australian Department of Defence.

In early 2019 Veriluma Software contracted with the Australian Department of Defence to supply software and services over three years (with an option to extend for a further two years).

Veriluma and its channel partners and resellers are also in discussions with other Commonwealth government agencies, operating in the defence, intelligence and assessments arenas, along with Australian and overseas commercial entities in the banking and financial services, 'big data' management and marketing, customer relationship management and automotive sectors, in order to secure new contracts.

Veriluma channel partners and resellers include individuals and consultancies with defence force, special services, intelligence, counter-intelligence, counter-terrorism, banking and financial services, 'big data', customer relationship management and retail marketing experience and awareness. Veriluma believes that its software



products will continue into the foreseeable future to be in demand as the western world continues in a number of centres to be subject to heightened levels of terrorism, organised crime and public safety threats, and as organisations seek to leverage their data for decision-making insights.

For each contract, it is not possible to conclusively state when or if a new contract will be entered into or an extension right exercised. Entry into or extension of contracts is not guaranteed and may not occur. The loss of the Department of Defence as a key customer would have a material adverse effect on Veriluma's business. The risk of loss is being mitigated through the breadth and size of the opportunities with other defence, intelligence and assessment agencies, and other commercial organisations, contracts with whom would be closely targeted and sought to be accelerated should the main defence contract not eventuate, and by the engagement of seasoned and competent Veriluma employees and representatives with appropriate qualifications and networks based in Canberra and overseas.

(d) **Reliance on sales and marketing success to attract new customers**

As an early stage Australian company seeking to enter global markets, a lack of visibility and market awareness of Veriluma's software is a significant challenge for Veriluma. There is no guarantee that Veriluma's sales and marketing strategy will be successful. Even if Veriluma successfully commercialises its products, there is a risk that the Company may not generate sufficient revenue to cover its operating costs.

(e) **Reliance on industry partners**

Veriluma relies in part on industry or channel partners to use, integrate or distribute the Veriluma software product to their underlying customers. If Veriluma is not able to attract and retain suitably qualified and productive industry partners to use its software, it may not be able to implement its business plan.

(f) **User experience**

There is a risk that Veriluma's software may not be commercially successful and may not function, operate or integrate as intended including with respect to the capacity to service customers or integrate with products or services offered by strategic partners. Veriluma's software and products are complex; they may have errors or defects that users identify after they begin using them. There is a risk that the software may not be scalable in that the software or hardware may not support large numbers of users. Veriluma's business model is reliant on recurring revenues from usage, and poor user experience may adversely affect customer take-up, retention and the level of usage of Veriluma's products. Poor user experiences may also result in adverse publicity, litigation, or regulatory enquiries. If any of these occur, the Company's reputation, performance and profitability will be adversely affected including the value of its Securities.

(g) **Reliance on key management personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and directors. There can be no assurance that there will be no detrimental impact on the performance of the Company or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner.

If such contracts with key management personnel are terminated or breached, or if the relevant personnel were no longer to continue in their current roles, the Company would need to engage alternative staff, and the Company's operations and business may be adversely affected.

(h) **Retention and recruitment of key personnel**

Veriluma's ability to effectively execute its business objectives and growth strategy also depends significantly on its ability to recruit and retain appropriately qualified software development and marketing personnel with suitable technical and marketing expertise and knowledge of the industries in which Veriluma targets. There is no guarantee that Veriluma will be able to recruit and retain such personnel. The inability to attract and retain key personnel could have a material adverse effect upon the Company's business, results or operations and financial condition.

(i) **Contractual risk for material contracts**

Veriluma is and will continue to be reliant on various contractual and licensing arrangements and relationships with third parties. There can be no guarantee that those contracts will be performed in accordance with their terms, that they are enforceable or that their terms will produce revenues or beneficial outcomes for the Company.

(j) **Intellectual property risks**

If Veriluma fails to protect its intellectual property rights adequately, competitors or potential competitors may gain access to its technology which could harm the Veriluma business. Veriluma currently has registered patents in Australia and the US only, and Veriluma may not be able to obtain patent protection in other jurisdictions in the future. If patents are granted in the future, they may not provide Veriluma with any, or sufficient, competitive advantages, or may be challenged by third parties.

Legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Effective patent, trademark, copyright and trade secret protection may not be available to Veriluma in every country in which its products are made available. Accordingly, despite its efforts, Veriluma may not be able to prevent third parties from infringing upon or misappropriating its intellectual property in every, including perhaps significant, jurisdiction in which its products are made available.

Veriluma may be required to incur significant expenses in monitoring and protecting its intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to Veriluma and cause a distraction to management. In addition, unauthorised use of the Veriluma brands may result in potential revenue loss and have an adverse impact on Veriluma's brand value and perceptions of its product qualities.

(k) **Validity of patents**

The patents held by Veriluma support the novelty of the claims made in the patent specifications behind the Veriluma process embodied in its software. However, as with all patents, the grant of the patents themselves does not guarantee the validity or enforceability of the patents or their granted claims. Nor do they necessarily provide Veriluma with freedom to commercialise the invention behind the patent where it would infringe third-party rights. As such, there is always a potential risk of third parties challenging the validity of the granted patents where they have a

legitimate basis to do so and, accordingly, there can be no guarantees as to the validity, enforceability or scope of any of the claims made in the patents owned by Veriluma. Notwithstanding this, the Company is not aware of any such third-party claims.

(l) **Dilution risk**

On completion of the Offer, the number of Shares will increase from 741,304,799 to 2,541,304,799 (on a pre-Consolidation basis) if the Offer is fully subscribed, ignoring other issues contemplated in Section 3.1. This means that each Share will represent a lower proportion of ownership of the Company. For existing Shareholders who do not subscribe for new Shares under the Offer, their percentage interest will be diluted by approximately 70.8%.

## 4.2 Industry specific risks

(a) **Competition and new technologies**

Veriluma participates in a highly competitive market. Some of Veriluma's competitors may have greater financial and other resources than Veriluma and, as a result, may be in a better position to compete for future business opportunities.

Veriluma will need to ensure that it can position, and differentiate, itself from its competitors to gain market share. There is no certainty that Veriluma will be successful in this market.

The industry in which Veriluma operates is subject to rapid change. Veriluma will have no influence over the activities of its competitors, whose activities may negatively affect the operating and financial performance of Veriluma. For example, new technologies could overtake Veriluma's products, in which case Veriluma's revenue and profitability could be adversely affected.

(b) **Product faults**

Software products frequently contain undetected defects or bugs on launch or when new versions or enhancements are released. Veriluma has on occasions found defects and bugs in its products and new defects or bugs may be detected in its existing or future products. If that occurs, Veriluma's revenue may be adversely affected.

(c) **Customer service risk**

Customers may need to engage with members of Veriluma's customer service personnel in certain circumstances, including if they have questions about Veriluma's products or if there is a dispute between a customer and Veriluma. Veriluma will need to recruit and retain staff with the requisite skills to appropriately respond to such matters. Poor customer service experiences may result in the loss of customers. If Veriluma loses key customer service personnel, fails to provide adequate training and resources for customer services personnel, or if the computer systems relied on by customer services personnel are disrupted, this could lead to adverse publicity, litigation, regulatory inquiries or a decrease in customers, all of which may negatively impact Veriluma's financial performance.

(d) **Failure to deal with growth**

The Directors believe that Veriluma's business has the potential to grow rapidly. If that occurs and Veriluma fails to properly manage that growth, then that failure could harm its business. Any failure to meet customer demand properly could adversely

affect the business, including demand for Veriluma's solutions, or revenue collection, customer satisfaction and public perception.

(e) **Reliance on third-party Information Technology (IT) service provision**

Veriluma utilises equipment, software and services supplied by third parties to provide its products and services. Significant or extended disruption in the supply of Veriluma's products and services caused by supplied equipment, or software or service failure may reduce Veriluma's ability to generate revenue, adversely impact customer service levels and damage Veriluma's brand. This could adversely affect Veriluma's ability to generate new business and cause it to suffer financial loss. Any mitigation of this loss via redress from third-party suppliers may not be immediately available, if at all.

(f) **Reliance on core IT and other systems**

The availability of Veriluma's products and services is dependent upon the performance, reliability and availability of its IT and communication systems. This includes its core technologies such as computer servers and back-end processing systems (being those provided by Veriluma itself or an external service provider). These systems may be adversely affected by a number of factors including major events such as acts of terrorism or war, cyber security breaches, other forms of hacking or civil disobedience, unauthorised wide public disclosures, a breakdown in utilities such as electricity and fibre optic cabling and even pandemics. Events of that nature may cause one or more of those core technologies to become unavailable.

There are also internal and external factors that may adversely affect those systems and technologies such as natural disasters, misuse by employees or contractors or other technical issues. Veriluma's and its suppliers' disaster recovery plans may not adequately address every potential event and its insurance policies may not cover loss or damage that Veriluma suffers as a result of a system failure. Any damage to, or failure of, Veriluma's key systems can result in disruptions in Veriluma's ability to provide its products and services. Such disruptions have the potential to reduce Veriluma's ability to generate revenue, impact consumer service levels and damage the Veriluma brand. This could adversely affect Veriluma's ability to generate new business and cause it to suffer financial loss.

(g) **Cyber security**

Veriluma takes appropriate steps to maintain the confidentiality and security of its network, key systems and processes (including the use of cloud-based technology platforms), and data. While it has taken these steps to maximise protection of its data, there is a risk that Veriluma's IT systems and networks, and those of its third-party service providers, may be vulnerable to cyberattacks, unauthorised access, malicious software and other security issues.

Any data security breaches or Veriluma's failure to protect its network, systems, processes and data could result in a significant disruption to Veriluma's business, reputational damage, loss of system integrity, breaches of Veriluma's obligations under applicable laws and client contracts, and could reduce its ability to retain existing clients and engage new clients, any of which could have a materially adverse impact on Veriluma's business, financial performance and growth prospects.

### 4.3 General risks

(a) **Future capital requirements**

Further funding may be required by Veriluma to support its ongoing activities and operations, including the need to develop new products, improve existing products, enhance its operating infrastructure and to acquire complementary businesses and technologies. Accordingly, Veriluma may need to engage in equity raisings or debt financings to secure additional funds. There can be no assurance that such funding will be available on satisfactory terms (or at all) at the relevant time. Any inability to obtain additional funding (or inability to obtain funding on reasonable terms) may adversely affect the financial condition and financial performance of the Company.

(b) **Currency risk**

A proportion of Veriluma's future revenue and expenses may be denominated in US dollars and other currencies, whereas the Company reports and incurs a substantial portion of its costs in Australian dollars. The Company will therefore be subject to foreign currency fluctuations which may materially affect its financial position and operating results. For example, a depreciation of the US dollar relative to the Australian dollar may result in lower than anticipated revenue as a result of the translation of the US dollar revenue into Australian dollars. Conversely, an appreciation of the US dollar relative to the Australian dollar may result in lower than anticipated revenue as a result of the translation of the US dollar expenses into Australian dollars. Australian dollar denominated profits are also liable to be affected, for better or for worse, by movements in the Australian dollar to US dollar exchange rates.

(c) **Insurance coverage**

Veriluma faces various risks in connection with its business and may lack adequate insurance coverage. Veriluma maintains insurance as considered appropriate for its needs. However, Veriluma will not be insured against all risks, either because the appropriate coverage is not available or because the applicable premiums are considered to be excessive compared to the perceived benefits that would accrue. Accordingly, Veriluma may not be fully insured against all losses and liabilities that may unintentionally arise from the Company's operations. If Veriluma incurs substantial losses or liabilities, its financial condition may be materially adversely affected.

(d) **Potential acquisitions risk**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects although no such acquisitions or investments are currently planned. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions or investments.

(e) **Possible changes in Australian Accounting Standards**

There is a risk that interpretations of existing Australian Accounting Standards, including those relating to the measurement and recognition of key statement of profit or loss and statement of financial position, including revenue and receivables, may differ. Changes to Australian Accounting Standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial condition and financial performance reported in the Company's consolidated financial statements.

(f) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

Applicants should be aware that there are risks associated with any securities investment. Securities listed on a stock market experience extreme price and volume fluctuations (both rising and falling) that have often been unrelated to the operating performance of such companies and may result from unpredictable influences on the market for equities in general. These factors may materially affect the market for Shares. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(g) **Economic, governmental and regulatory risks**

The future viability of the Company is, in part, dependent on factors affecting performance of all industries and not just the resources industries including, but not limited to, the following:

- (i) general economic conditions in Australia and worldwide;
- (ii) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- (iii) the strength of the equity and share markets in Australia and throughout the world, and in, particular, investor sentiment towards the resources sector;
- (iv) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
- (v) natural disasters, social upheaval or war in jurisdictions in which the Company operates.

(h) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

(i) **Force majeure**

The Company's activities now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(j) **Litigation risks**

The Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(k) **Investment Risk**

An investment in any Shares to be issued pursuant to this Prospectus should be considered speculative. They carry no guarantee as to payment of dividends, return of capital or the market value of the Shares. The prices at which an investor may be able to trade the Shares may be above or below the price paid for the Shares. Prospective investors must make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances.

#### **4.4 Other risks**

The above list of risk factors ought not to be taken as an exhaustive list of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Investors should consider that an investment in the Company is highly speculative and should consult their professional adviser before deciding whether to apply for Shares pursuant to this Prospectus.

## 5. Additional information

### 5.1 Continuous disclosure

As the Company is admitted to the official list of ASX, the Company is a “disclosing entity” for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

Price sensitive information is publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to ASX. In addition, the Company posts information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

Investors are encouraged to check and monitor any further announcements made by the Company to ASX prior to securities being issued under the Offer. To do so, please refer to the Company’s ASX announcements platform via [www.asx.com.au](http://www.asx.com.au).

By virtue of section 713 of the Corporations Act, the Company is entitled to issue a “transaction-specific” prospectus in respect of the Offer.

In general terms, a “transaction-specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights and liabilities attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position and performance, profits and losses or prospects of the issuing company.

As a disclosing entity under the Corporations Act, the Company states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report of the Company for the financial year ended 30 June 2018;
  - (ii) any half-year financial report of the Company lodged with ASIC after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC; and
  - (iii) all continuous disclosure notices given by the Company after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC (see below).

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules that investors or their professional advisers:

- (a) would reasonably require 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; and
  - (ii) the rights and liabilities attaching to the securities the subject of this



Prospectus; and

(b) would reasonably expect to find in this Prospectus.

This Prospectus contains information specific to the Offer. If investors require further information in relation to the Company, they are recommended to take advantage of the opportunity to inspect or obtain copies of the documents referred to above.

The following announcements have been lodged with ASX in respect of the Company since the Company lodged its annual financial report for the financial year ended 30 June 2018 on 16 May 2019.

<b>Date</b>	<b>Title</b>
26/07/19	Appendix 4C – June 2019 Quarter (Replacement)
26/07/19	Change in Substantial Holding - E Whitelock
24/07/19	Appendix 4C – June 2019 Quarter
24/07/19	Consolidation/Split – VRI
24/07/19	HYE Dec 18 App 4D and Interim Financial Report
19/07/2019	Appendix 3B
9/07/2019	Notice of Annual General Meeting and Proxy Form
5/07/2019	Appointment of Advisory Board
4/07/2019	Receipt of Funds
11/06/2019	Veriluma Establishes UK Business Unit
31/05/2019	Employment Terms and Appendix 3X - Andrew Grover
29/05/2019	Veriluma to Enter Joint Venture with Potentiate
24/05/2019	Appointment of Executive Chairman
17/05/2019	June 18 Quarterly Activities Report and App 4C
17/05/2019	Mar 18 Quarterly Activities Report and App 4C
17/05/2019	Dec 17 Quarterly Activities Report and App 4C
16/05/2019	2018 App 4G and Corporate Governance Statement
16/05/2019	HYE Dec 18 App 4D and Interim Financial Report

## **5.2 Market price of Shares**

The closing price of Shares on ASX on 15 September 2017 was \$0.015, being the trading day prior to the date the Company's securities were placed in trading halt. The Company's securities were subsequently suspended from quotation on 20 September 2017 and remain suspended as at the date of this Prospectus.

### 5.3 Rights and liabilities attaching to Shares

The rights attaching to Shares are described in the Constitution and, to the extent applicable, are regulated by the Corporations Act, the Listing Rules and general law.

The Company is seeking Shareholder approval at the General Meeting for the adoption of a new constitution. The following is a broad summary of the rights, privileges and restrictions attaching to all Shares on the basis the new constitution is adopted. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

All Shares issued pursuant to this Prospectus will from the time they are issued, rank *pari passu* with all the Company's existing Shares.

(a) **Reports and notices**

Members are entitled to receive all notices, reports, accounts and other documents required to be sent to members under the Constitution, the Corporations Act and the ASX Listing Rules.

(b) **General meetings**

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company.

Members are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Members may requisition meetings in accordance with the Corporations Act and the Constitution.

(c) **Voting**

Subject to any rights or restrictions for the time being attached to any class or classes of shares at general meetings of members or classes of members:

- (i) each member entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a member or a proxy, attorney or representative of a member has one vote; and
- (iii) on a poll, every person present who is a member or a proxy, attorney or representative of a member shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares, shall have a fraction of a vote for each partly paid share. The fraction must be equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited). Amounts paid in advance of a call are ignored when calculating the proportion.

(d) **Dividends**

Subject to the rights of persons (if any) entitled of shares with special rights to dividend, the Directors may declare a dividend in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the members of such a dividend. The dividend shall be payable according to the proportion that the

amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such shares.

No dividend shall carry interest as against the Company.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

No Shares with special dividend rights are currently on issue.

(e) **Winding up**

In a winding up, the liquidator may, with the sanction of a special resolution of the Company, divide among the members in kind the whole or any part of the property of the Company and may for that purpose set such value as the liquidator considers fair on any property to be so divided and may determine how the division is to be carried out as between the members or different classes of members.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(f) **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) **Future increases in capital**

The Directors may, on behalf of the Company, issue, grant options over, or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Constitution, the ASX Listing Rules, the Corporations Act and any rights for the time being attached to the shares in special classes of shares.

A Director or any person associated with a Director must not participate in an issue by the Company of an equity security unless the participation of the Director or the person associated with a director in the issue is permitted under the ASX Listing Rules and the Corporations Act.

(h) **Variation of rights**

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Shareholder liability**

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(j) **Alteration of capital**

The Company may reduce its share capital subject to, and in accordance with, the Corporations Act and the Listing Rules.

When the Company reduces its capital it may return capital arising from the reduction by either a distribution of money to members or the distribution of specific assets to members (including without limitation, paid up shares or other securities of a body corporate other than the Company).

The Company may buy back Shares subject to, and in accordance with, the Corporations Act and the Listing Rules.

(k) **ASX Listing Rules**

The Constitution contains certain provisions required under the ASX Listing Rules to ensure consistency with the ASX Listing Rules, including that if there is any inconsistency between the provisions of the Constitution and the ASX Listing Rules then the Constitution is deemed not to contain that provision to the extent of the inconsistency.

(l) **Alteration of the Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

#### **5.4 Director interests**

Other than as set out below or elsewhere in this Prospectus, no existing or proposed Director holds at the date of this Prospectus, or has held in the 2 years prior to the date of this Prospectus, an interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- (c) the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to an existing or proposed Director to induce them to become, or qualify as, a Director or for services in connection with the formation or promotion of the Company or the Offer.

(d) **Remuneration**

The remuneration (including superannuation) to be paid to the Directors for the current financial year and paid to Directors for the 2 financial years prior to the date of this Prospectus, is set out below.

<b>Director</b>	<b>Position</b>	<b>Financial year ended 30 June 2018</b>	<b>Financial year ended 30 June 2019</b>	<b>Financial year ending 30 June 2020</b>
Elizabeth Whitelock <sup>1</sup>	Managing Director and CEO	\$112,107	\$109,500	\$164,250
Andrew Grover <sup>2</sup>	Executive Chairman	Nil	Nil	\$109,500
Steve Formica <sup>3</sup>	Non-Executive Director	Nil	\$50,000	\$50,000
Arunava Sengupta <sup>4</sup>	Non-Executive Director	\$16,091	\$50,000	\$50,000

**Notes:**

1. Ms Whitelock was appointed as a Director on 8 September 2016. Ms Whitelock is paid a fee of \$12,500 per month exclusive of superannuation for the financial year ending 30 June 2020.
2. Mr Grover was appointed as a Director on 24 May 2019. Mr Grover is not currently paid for his role as Director. Mr Grover will be paid a fee of \$10,000 per month (exclusive of superannuation) commencing on the date of reinstatement of the Company's securities to trading on ASX. Assuming a reinstatement date of 1 September 2019, Mr Grover's remuneration for the financial year ending 30 June 2020 will be \$109,500 (inclusive of superannuation). The Company has agreed, subject to obtaining Shareholder approval, to issue Shares to Mr Grover (or his nominee) in lieu of cash payments for director's remuneration (excluding superannuation) which will accrue for the initial 12 month period following reinstatement of the Company's securities to trading on ASX, the majority of which will accrue during the financial year ending 30 June 2020. These Shares will be issued at a deemed price of \$0.03 (on a post-Consolidation basis) resulting in the proposed issue of 4,000,000 Shares (on a post-Consolidation basis) subject to Shareholder approval being obtained. The Company is seeking Shareholder approval to issue these Shares at the Meeting. The Company intends to issue these Shares after the fees have been accrued, and subject to the terms of a waiver granted by ASX, these Shares will be issued no later than 30 days after the end of the financial year ending 30 June 2020. The Company does not currently intend to change this rate of remuneration for the financial year ending 30 June 2020.
3. Mr Formica was appointed as a Director on 2 July 2018. Mr Formica remains entitled to \$10,000 payable in Shares at the issue price under the Offer. Shareholder approval for the issue of those Shares is being sought in the Notice of Meeting. Mr Formica is currently paid a fee of \$4,167 per month inclusive of superannuation. The Company does not currently intend to change this rate of remuneration for the financial year ending 30 June 2020.
4. Mr Sengupta was appointed as a Director on 12 March 2018. Mr Sengupta remains entitled to \$10,000 payable in Shares at the issue price under the Offer. Shareholder approval for the issue of those Shares is being sought in the Notice of Meeting. Mr Sengupta is currently paid a fee of \$4,167 per month inclusive of superannuation. The Company does not currently intend to change this rate of remuneration for the financial year ending 30 June 2020.

(e) **Securities**

The securities which the Directors and their associates have or are proposed to have relevant interests in at the date of this Prospectus (on a pre-Consolidation basis) are set out below.

<b>Director</b>	<b>Shares</b>	<b>Options</b>	<b>Performance Shares</b>
Elizabeth Whitelock	45,156,001	-	9,031,200 <sup>1</sup>
Andrew Grover	- <sup>2</sup>	-	-
Steve Formica	33,333,334 <sup>3</sup>	-	-
Arunava Sengupta	7,607,287 <sup>4</sup>	-	-

**Notes:**

1. Comprising 4,515,600 Class B Performance Shares and 4,515,600 Class C Performance Shares. The full terms and conditions of the Class B Performance Shares and Class C Performance Shares are set out in Schedule 1 of the Notice of Meeting released to ASX on 10 June 2016. The Company is seeking Shareholder approval at the Meeting to issue (each on a pre-Consolidation basis) 20,000,000 Options with an exercise price of \$0.004 and an expiry date of 30 June 2022, 20,000,000 Options with an exercise price of \$0.008 and an expiry date of 30 June 2023, 25,000,000 Class D Performance Shares and 25,000,000 Class E Performance Shares.
2. A22 Pty Ltd, a company wholly owned and controlled by Mrs Robyn Grover, whose husband is Mr Andrew Grover, directly holds 16,666,667 Shares. Mr Andrew Grover has no relevant interest in the Shares held by A22 Pty Ltd, and this disclosure is made in the interest of good corporate governance practices. The Company is seeking Shareholder approval at the Meeting to issue up to 116,666,666 Shares (on a pre-Consolidation basis) or 11,666,666 Shares (on a post-Consolidation basis) to Andrew Grover (or his nominees) arising from his proposed participation in the Offer as well as to issue (each on a pre-Consolidation basis) 30,000,000 Options with an exercise price of \$0.004 and an expiry date of 30 June 2022, 30,000,000 Options with an exercise price of \$0.008 and an expiry date of 30 June 2023, 25,000,000 Class D Performance Shares, 25,000,000 Class E Performance Shares and 40,000,000 Shares in lieu of director fees.
3. 16,666,667 Shares held indirectly by Stevsand Investments Pty Ltd and 16,666,667 Shares held indirectly by Formica Investments Pty Ltd. The Company is seeking Shareholder approval at the Meeting to issue up to 41,666,667 Shares (on a pre-Consolidation basis) or 4,166,667 Shares (on a post-Consolidation basis) to Steve Formica (or his nominee), 16,666,666 Shares (on a pre-Consolidation basis) or 1,666,666 Shares (on a post-Consolidation basis) to unassociated relatives of Steve Formica (or their nominees) arising from their proposed participating in the Offer as well as to issue (each on a pre-Consolidation basis) 20,000,000 Options with an exercise price of \$0.004 and an expiry date of 30 June 2022 and 20,000,000 Options with an exercise price of \$0.008 and an expiry date of 30 June 2023. The Company is also seeking Shareholder approval at the Meeting to issue up to 3,333,334 Shares (on a pre-Consolidation basis) or 333,334 Shares (on a post-Consolidation basis) to Steve Formica (or his nominees) in lieu of directors' fees of \$10,000 payable to him for the period 2 July 2018 to 30 June 2019.
4. 1,982,571 held directly by Arun Sengupta and the balance held indirectly as follows: 2,506,961 by Arun & Shannon Sengupta as trustees of the Sengupta Family Superannuation A/C, 1,500,000 by Shannon Sengupta, 1,617,755 by Mersound Pty Ltd. The Company is seeking Shareholder approval at the Meeting to issue (each on a pre-Consolidation basis) 20,000,000 Options with an exercise price of \$0.004 and an expiry date of 30 June 2022 and 20,000,000 Options with an exercise price of \$0.008 and an expiry date of 30 June 2023. The Company is also seeking Shareholder approval at the Meeting to issue up to 4,368,000 Shares (on a pre-Consolidation basis) or 436,800 Shares (on a post-Consolidation basis) to Arun Sengupta (or his nominees) in lieu of directors' fees of \$13,104 payable to him for the period 12 March 2018 to 30 June 2019.

## **5.5 Expert and adviser interests**

Other than as set out below or elsewhere in this Prospectus, no expert, promoter, underwriter or other person named in this Prospectus who has performed a function in a professional,

advisory or other capacity in connection with the preparation or distribution of this Prospectus holds, at the date of this Prospectus, or has held in the 2 years prior to the date of this Prospectus, an interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- (c) the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of the Company or the Offer.

Taurus Capital Group Pty Ltd has acted as lead manager to the Offer. In respect of this work, Taurus Capital Group Pty Ltd (or its nominee/s) will be paid a total fee of 6% (excluding GST) of the gross proceeds raised under the Offer (being \$324,000 assuming the Offer is fully subscribed or \$312,000 assuming the Minimum Subscription is raised) as well as being issued 90,000,000 Options (on a pre-Consolidation basis) with an exercise price of \$0.004 and an expiry date of 30 June 2022 and 90,000,000 Options (on a pre-Consolidation basis) with an exercise price of \$0.008 and an expiry date of 30 June 2023). During the 24 months preceding lodgement of this Prospectus with the ASIC, Taurus Capital Group Pty Ltd has not been paid any other fees by the Company.

King Corporate Pty Ltd has acted as corporate advisor to the Company. King Corporate Pty Ltd is not being paid any fees in relation to the Offer or the Prospectus, however, during the 24 months preceding lodgement of this Prospectus with the ASIC, King Corporate Pty Ltd (or its nominees) has received \$25,000 (excluding GST) in fees from the Company as well as been issued 10,000,000 Shares and 20,000,000 Options (with an exercise price of \$0.003 (on a pre-Consolidation basis) and an expiry date of 4 April 2022) for corporate advisory services provided to the Company.

Edwards Mac Scovell has acted as the legal adviser to the Company in relation to the Offer. The estimated fees payable to Edwards Mac Scovell for these services are \$40,000 (exclusive of GST and disbursements). During the 24 months preceding lodgement of this Prospectus with the ASIC, Edwards Mac Scovell has been paid fees totalling \$72,581.19 (excluding GST and disbursements) by the Company for legal services provided to the Company.

## **5.6 Consents**

Each of the parties referred to below:

- (a) does not make the Offer;
- (b) has not authorised or caused the issue of this Prospectus;
- (c) does not make, or purport to make, any statement that is included in this Prospectus, or a statement on which a statement made in this Prospectus is based, other than as specified below; and
- (d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with the consent of that party as specified below.

Taurus Capital Group Pty Ltd has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named as lead manager to the Offer in this Prospectus in the form and context in which it is named.

King Corporate Pty Ltd has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named as corporate advisor to the Company in this Prospectus in the form and context in which it is named.

Edwards Mac Scovell has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as the legal adviser to the Company in relation to the Offer in the form and context in which it is named.

KPMG has given its written consent to being named as the auditor of the Company with respect to the Company's financial report for the half year ended 31 December 2018 in the form and context in which it is named. KPMG has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

There are a number of persons referred to elsewhere in this Prospectus who have not made statements included in this Prospectus and there are no statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in this Prospectus and did not authorise or cause the issue of this Prospectus.

## 5.7 Offer expenses

The estimated expenses of the Offer (exclusive of GST) are set out below (assuming only the Minimum Subscription is raised and also that the Offer is fully subscribed). The Lead Manager fees will be paid out of the funds raised under the Offer. The balance of the estimated expenses are proposed to be paid out of the Company's existing cash reserves.

Item	Minimum Subscription	Maximum Subscription
Lead Manager fees	\$312,000	\$324,000
ASIC fees	\$3,206	\$3,206
ASX fees	\$14,876	\$15,206
Legal fees	\$40,000	\$40,000
Miscellaneous fees	\$25,000	\$25,000
<b>Total</b>	<b>\$395,082</b>	<b>\$407,412</b>

## 5.8 Substantial Shareholders

As at the date of this Prospectus, those persons who hold 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Elizabeth Whitelock	45,156,001	6.09%

Where these substantial Shareholders do not participate in the Offer, their interests will be diluted on completion of the Offer. The Company is not aware of any proposed applicant under



the Offer that would result in a person holding more than 5% of the Shares on issue on completion of the Offer. However, should this occur that person would be obligated by the Corporations Act to make disclosure to the Company and ASX.

## **5.9 Litigation**

As at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against the Company.

## **6. Directors' authorisation**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and the issue of this Prospectus, and has not withdrawn that consent.

Signed for and on behalf of the Company.

**Andrew Grover**  
**Executive Chairman**  
**Veriluma Limited**

## 7. Definitions

**\$** means the official currency of the Commonwealth of Australia.

**AEST** means Australian Eastern Standard Time, being the time in Sydney, New South Wales.

**Application Form** means an application form either attached to or accompanying this Prospectus.

**Application Monies** means the monies received from persons applying for Shares under the Offer.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.

**ASX Listing Rules** or **Listing Rules** means the official listing rules of the ASX.

**ASX Settlement** means ASX Settlement Pty Limited ACN 008 504 532.

**Board** means the board of Directors.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**CHESS** means the Clearing House Electronic Subregister System operated by ASX Settlement.

**Closing Date** means the date that the Offer closes being the date specified in Section 1 or such other time and date as the Company determines.

**Company** or **Veriluma** means Veriluma Limited ACN 142 901 353.

**Consolidation** means the consolidation of Securities on a 10 for 1 basis the subject of Shareholder approval at the Meeting.

**Constitution** means the constitution of the Company from time to time.

**Convertible Note** means a convertible note issued by the Company convertible into Shares and Options as further described in Section 3.1.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Director** means a director of the Company.

**DOCA** means the Deed of Company Arrangement between Deed Administrators, the Company, Veriluma Software and Canary Capital Pty Ltd dated 12 March 2018.

**EFT** means electronic funds transfer.

**Facility** means the commitments obtained by the Company for an aggregate of \$500,000 financing by way of a convertible note facility announced to ASX on 2 April 2019 and as further detailed in Schedule 2 of the Notice of Meeting.

**Maximum Subscription** means the maximum amount that can be raised under the Offer being \$5,400,000.

**Meeting** means the Company's annual general meeting to be held on 9 August 2019.

**Minimum Subscription** means the minimum amount which must be raised under the Offer being \$5,200,000.

**Notice of Meeting** means the notice of meeting in relation to the Meeting as released to ASX on 9 July 2019.

**Offer** means the offer of Shares as detailed in Section 2.1.

**Offer Condition** has the meaning given to it in Section 2.1(a).

**Opening Date** means the first date for receipt of applications under the Offer being the date specified in Section 1 or such other time and date as the Company determines.

**Option** means an option to acquire a Share.

**Performance Share** means a performance share in the capital of the Company as further described in Section 3.1.

**Prospectus** means this prospectus.

**Section** means a section of this Prospectus.

**Security** an equity security (as that term is defined in the ASX Listing Rules) of the Company and **Securities** has the corresponding meaning.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means the registered holder of one or more Shares.

**Share Registry** means the share registry of the Company as specified in the corporate directory of this Prospectus.

**Veriluma Software** means Veriluma Software Pty Ltd (ACN 117 490 785), a wholly owned subsidiary of the Company.

## Annexure A – Pro-forma statement of financial position

	Note	31 December 2018 (Reviewed) \$	Capital Raising Pro- forma Adjustments (\$5.2m)	Capital Raising Pro- forma Adjustments (\$5.4m)	Unaudited Pro Forma After \$5.2m Capital Raising: 31-Dec-18	Unaudited Pro Forma After \$5.4m Capital Raising: 31-Dec-18
<b>Current assets</b>						
Cash and cash equivalents	1	167,182	4,380,752	4,568,752	4,547,934	4,735,934
Trade and other receivables		63,960			63,960	63,960
Other assets		15,661			15,661	15,661
<b>Total current assets</b>		<b>246,803</b>	<b>4,380,752</b>	<b>4,568,752</b>	<b>4,627,555</b>	<b>4,815,555</b>
<b>Non-current assets</b>						
Investment in associates		3,553			3,553	3,553
Property, plant and equipment		196			196	196
<b>Total non-current assets</b>		<b>3,749</b>	<b>0</b>	<b>0</b>	<b>3,749</b>	<b>3,749</b>
<b>Total assets</b>		<b>250,552</b>	<b>4,380,752</b>	<b>4,568,752</b>	<b>4,631,304</b>	<b>4,819,304</b>
<b>Current liabilities</b>						
Trade and other payables	2	353,427	(16,110)	(16,110)	337,317	337,317
Borrowings	3	247,871	(246,948)	(246,948)	923	923
Employee benefits		151,072			151,072	151,072
Unearned income		12,000			12,000	12,000
Provisions		87,500			87,500	87,500
<b>Total current liabilities</b>		<b>851,870</b>	<b>(263,058)</b>	<b>(263,058)</b>	<b>588,812</b>	<b>588,812</b>
<b>Non-current liabilities</b>						
Employee benefits		7,727			7,727	7,727
<b>Total non-current liabilities</b>		<b>7,727</b>	<b>-</b>	<b>-</b>	<b>7,727</b>	<b>7,727</b>
<b>Total liabilities</b>		<b>859,597</b>	<b>(263,058)</b>	<b>(263,058)</b>	<b>596,539</b>	<b>596,539</b>
<b>Net assets / (liabilities)</b>		<b>(609,045)</b>			<b>4,034,765</b>	<b>4,222,765</b>
<b>Equity</b>						
Issued capital	4	15,478,264	3,712,104	3,900,104	19,190,368	19,378,368
Reserves	5	25,400	1,191,000	1,191,000	1,216,400	1,216,400
Retained losses	6	(16,112,709)	(275,404)	(275,404)	(16,388,113)	(16,388,113)
<b>Total equity / (deficiency) attributable to members of the Company</b>		<b>(609,045)</b>			<b>4,018,655</b>	<b>4,206,655</b>
<b>Total equity / (deficiency)</b>		<b>(609,045)</b>			<b>4,018,655</b>	<b>4,206,655</b>

The following adjustments have been made to the reviewed Interim Statement of Financial Position of Veriluma Limited as at 31 December 2018 to reflect the impact of the transactions outlined below had they taken place as at that date:

Issue of Shares as contemplated by the Offer	5,200,000	5,400,000
<b>Note 1</b>		
Received in cash	5,200,000	5,400,000
Reinstatement costs (including costs of Offer, excluding Lead Manager fees)	(170,000)	(170,000)
Lead Manager fees	(312,000)	(324,000)
Repayment of DOCA borrowings	(246,948)	(246,948)
Repayment of convertible note face value uplift	(90,300)	(90,300)
<b>Note 2</b>		
Reduction in liability for share based payments – directors	(16,110)	(16,110)
<b>Note 3</b>		
Reduction in liability for DOCA borrowings	(246,948)	(246,948)
<b>Note 4</b>		
Issue of capital raising shares	5,200,000	5,400,000
Reinstatement costs (including costs of Offer and Lead Manager fees)	(482,000)	(494,000)
Issue of Advisor shares	30,000	30,000
Issue of Advisor options	(36,000)	(36,000)
Issue of Placement options	(858,000)	(858,000)
Issue of related party options	(297,000)	(297,000)
Issue of director shares	155,104	155,104
<b>Note 5</b>		
Issue of Advisor options	36,000	36,000
Issue of Placement options	858,000	858,000
Issue of related party options	297,000	297,000
<b>Note 6</b>		
Issue of Advisor shares	(30,000)	(30,000)
Issue of director shares	(155,104)	(155,104)
Convertible note face value uplift	(90,300)	(90,300)

The Company may raise between the Minimum Subscription and Maximum Subscription and this would have a corresponding impact on the Pro-forma Statement of Financial Position.

No other forecasted additional transactions, revenues or operating costs have been included in the Pro-forma Statement of Financial Position.



# How to complete this Application Form

**A Number of Shares applied for**  
Enter the number of Shares for which you wish to apply. The Application must be for a minimum of 16,667 Shares (A\$500.01).

**B Application Monies**  
Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares applied for in Step A by the Issue Price of A\$0.03.

**C Applicant Name(s)**  
Enter the full name you wish to appear on the statement of holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Veriluma Limited reserves the right to reject Application Forms using the incorrect naming convention. The Clearing House Electronic Subregister System (**CHESS**) participants should complete their name identically to that presently registered in the CHESS system.

**D Postal Address**  
Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address shown on the Application Form. For joint Applicants, only one address can be entered.

**E Contact Details**  
Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this Application.

**F CHESS**  
Veriluma Limited participates in CHESS, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX Limited. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares issued to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on issue, you will be sponsored by Veriluma Limited and allocated a Securityholder Reference Number (**SRN**).

**G Payment BPAY**  
If you wish to pay your Application Monies via **BPAY**, please visit <https://vrioffer.thereachagency.com> and follow the instructions.

**Cheque**  
Make your cheque, bank draft or money order payable in Australian dollars to '**Veriluma Limited**' and cross it '**Not Negotiable**'. Cash will not be accepted. The total payment amount must agree with the amount shown in Step B. Complete the cheque details in the boxes provided. Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as dishonoured cheques may not be represented and may result in your Application being rejected. Paperclip (do not staple) your cheque to the Application Form. Receipts will not be forwarded. Funds cannot be directly debited from your bank account.

**Before completing the Application Form you should read the Prospectus to which this Application Form relates. By lodging the Application Form, you agree that this Application for Shares in Veriluma Limited is subject to the terms of the Prospectus and the Constitution of Veriluma Limited, and agree to take any number of Shares that may be issued to the Applicant(s) pursuant to the Prospectus. It is not necessary to sign the Application Form.**

## Lodgement of Application

Application Forms must be received by Computershare Investor Services Pty Limited (**CIS**) by no later than 5.00pm (AEST) on the Closing Date. You should allow sufficient time for this to occur. Return the Application Form with payment attached to:

Veriluma Limited  
c/- Computershare Investor Services Pty Limited  
GPO Box 52  
MELBOURNE VIC 3001 Australia

Neither CIS nor Veriluma Limited accepts any responsibility if you lodge the Application Form at any other address or by any other means. If you have any enquiries regarding the Application Form, please contact the Company on (08) 9481 0389 (within Australia) or +61 8 9481 0389 (outside Australia).

## Privacy Notice

The personal information you provide on this form is collected by CIS, as registrar for the securities issuers (the **Issuer**), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the Issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided overleaf or emailing [privacy@computershare.com.au](mailto:privacy@computershare.com.au). We may be required to collect your personal information under the *Corporations Act 2001* (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the Issuer for whom we maintain securities registers or to third parties upon direction by the Issuer where related to the Issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at [privacy@computershare.com.au](mailto:privacy@computershare.com.au) or see our Privacy Policy at <http://www.computershare.com.au>.

## Correct forms of registrable title(s)

Note that **ONLY** legal entities are allowed to hold Shares. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Issuer. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons less than 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: use given names in full, not initials	Mr John Alfred Smith	JA Smith
Company: use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: use the partners personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund