ASX ANNOUNCEMENT

15 DECEMBER 2015   ASX: PML

COMPANY UPDATE – VERILUMA CORPORATE PRESENTATION

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Further to the ASX announcement of 8 December 2015, regarding the signing of a binding Heads of Agreement with the major shareholders (**Major Shareholders**) of Veriluma Pty Ltd (ACN 117 490 785) (**Veriluma**), Parmelia Resources Limited (**PML** or the **Company**) is pleased to provide a copy of the latest Veriluma corporate presentation.

For further information concerning Parmelia's activities, please contact Nigel Gellard, Executive Chairman at:

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Nigel Gellard
Executive Chairman

Veriluma

Making Better Decisions More Often.

December 2015

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This Presentation may contain "forward looking statements." Forward looking statements are subject to risk factors associated with the business of the Company, many of which are beyond the control of the Company. The expectations reflected in these statements are considered to be reasonable, but may be affected by a variety of factors and changes in underlying assumptions which could cause actual results or trends to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes or future results will not materially differ from these statements. You should not place undue reliance on forward looking statements and the Company and Parmelia, nor any of their directors, employees or advisers, assume any obligation to update such information.

COMPANY OVERVIEW

Veriluma's software 'Intelfuze' takes into account quantitative and qualitative information and uses a **patented** Collaborative Decision Making engine to assess likely outcomes with degrees of certainty whilst identifying contributing risks.

Intelfuze helps individuals, businesses, governments and their agencies reduce the margin of error in critical decisions by ensuring the available facts, logic and reasoning are objective and transparent.
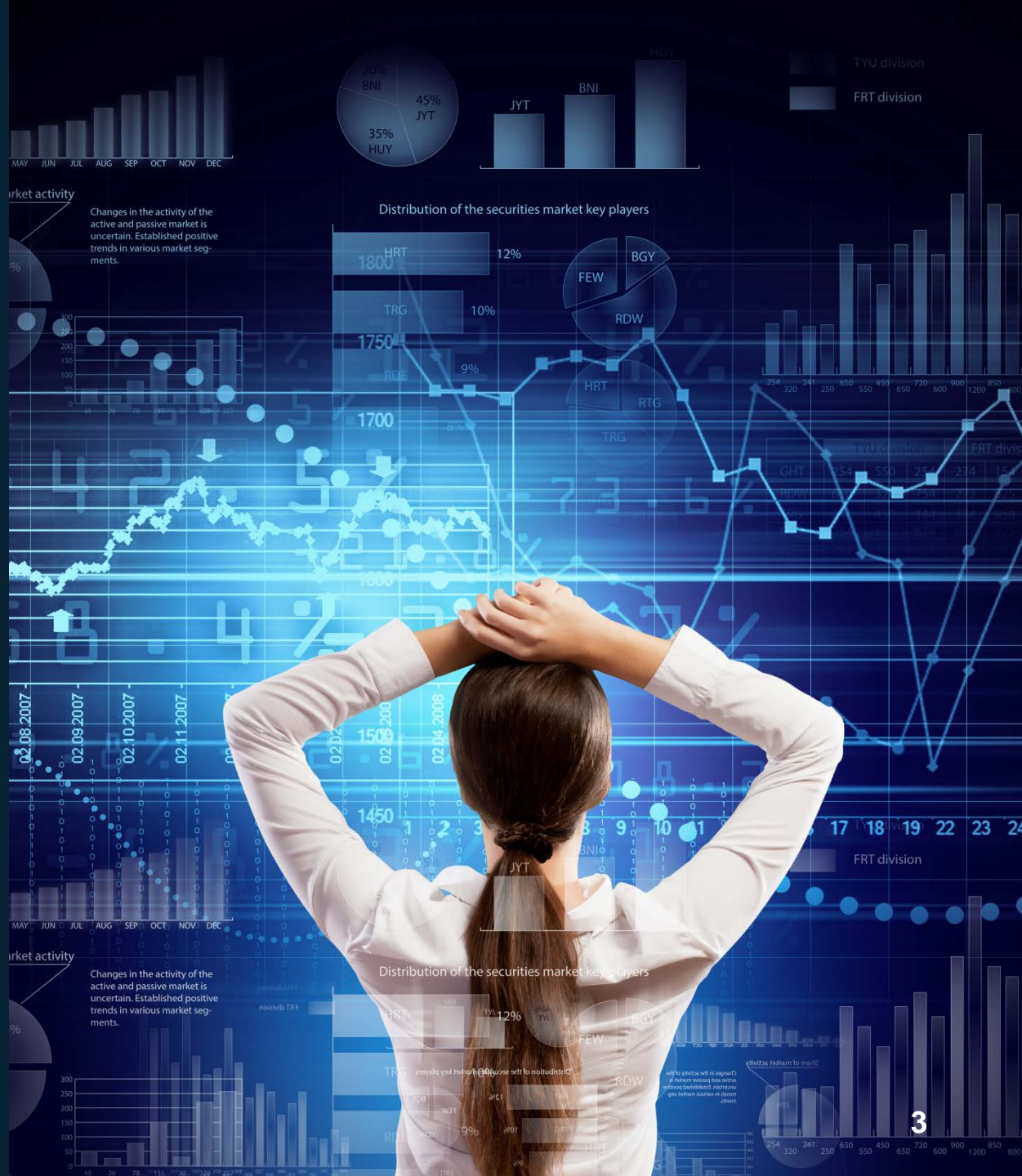
BOARD AND MANAGEMENT

Rick Anstey
Chairman

- More than 28 years building and managing technology companies
- Corporate Advisor
- Early stage/seed VC fund manager
- Independent Director:
  - Technology One (ASX300: TNE)
  - Pioneer Mortgages
- Non Executive Director:
  - Concept Safety
  - Hoodlum
- Board Member
  - Australian Centre for Entrepreneurship at QUT

Elizabeth Whitelock
Chief Executive Officer

- Experienced in start-up & turn around
- Strong leader who builds committed, capable teams
- Client centric with success in direct and indirect software sales and services
- Data, analytics, business intelligence background
  - Ingres
  - SAS
  - IBM
  - Microstrategy

Craig Aspinall
Chief Technical Officer

- 18 years professional software development
- Five years leading and managing software development team
- Founder and CTO of technology solutions companies
- Seven years experience leading and managing teams
- Five years coaching development teams and leaders

BOARD AND MANAGEMENT

Aaron Birkby
Advisor

- Entrepreneur In Residence for River City Labs Accelerator
- Co-founder and CEO of Silicon Lakes, a not-for-profit startup incubator
- Founded and built a software company to six million users in nine countries over eight years
- Developed and exited an IoT remote telemetry solution for coin-operated machines

Roger Bradbury
Advisor

- Professor, National Security College, ANU, Canberra
- Research at the interface of science, technology and national security, particularly in cyberspace
- Works in the Australian Intelligence Community on the strategic analysis of international science and technology issues
- Fellow of the CSIRO Centre for Complex Systems Science

Di Girvin
Financial Controller

- Bachelor of Commerce, Graduate Diploma of Chartered Accounting, Certificate of Public Practice
- Private Enterprise Practice, KPMG
- Wealth of experience in small business
- Strategically and operationally focused

POWERFUL DECISIONS.

Intelfuze has been used by Australian intelligence agencies since 2012.

Intelligence analysts need to rapidly assess threats in order to deliver timely, objective, reliable insights which can be acted upon with certainty.

Intelfuze helps analysts rapidly assess threats from global security, foreign military, transnational terrorism and provides accurate assessments for decision makers.

WHEN FACED WITH COMPLEX VARIABLES
How do you reach a decision?

Intelfuze provides greater insight to the risks and opportunities faced by decision makers, **despite** the *quantity* or *quality* of information available.

WHY VERILUMA WORKS

- Considers all factors without emotion, bias or prejudice
- Weights factors appropriately according to their level of importance
- Assesses and track problems over time as information changes
- Identify risks which companies can take action to mitigate
- Increases the chances of a successful outcome

8

COLLABORATIVE DECISION MAKING DEFINED

Gartner defines Collaborative Decision Making:

"Platforms combine business intelligence and other sources of information used for decision making with social and collaboration capabilities and decision support tools and methodologies."

"Brings the right decision makers and information together with decision tools to analyze data, examine an issue, brainstorm and evaluate options, agree on a course of action, and then capture the process to audit and mine for best practices."

Independent research shows that organisations with collaborative technologies respond to business threats and complete key projects more rapidly. They also experience decreased time to market for new products and increased employee satisfaction.

HOW WE HELP CREATE BETTER DECISIONS

1st Step: Question or Hypothesis

Identify the primary 'question' we wish to solve; Identify the 'issues' that might provide insight or evidence in reaching the answer

2nd Step: Relationships

Describe the relationships between the 'issues' ie how they interact, influence or drive one another

3rd Step: Inform

Add information, evidence, opinions or assumptions to 'inform' the identified 'issues'

4th Step: Assess

Produce the 'answer' ie the outcome with likelihood and certainty for the question posed
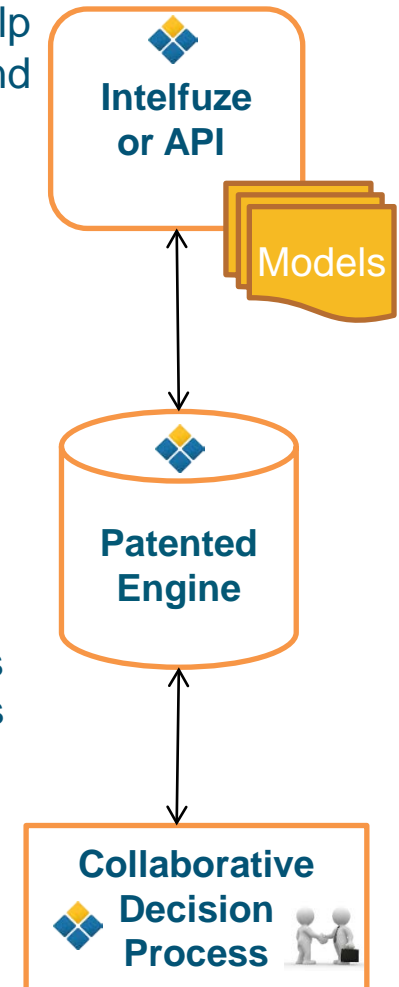
HOW VERILUMA WORKS
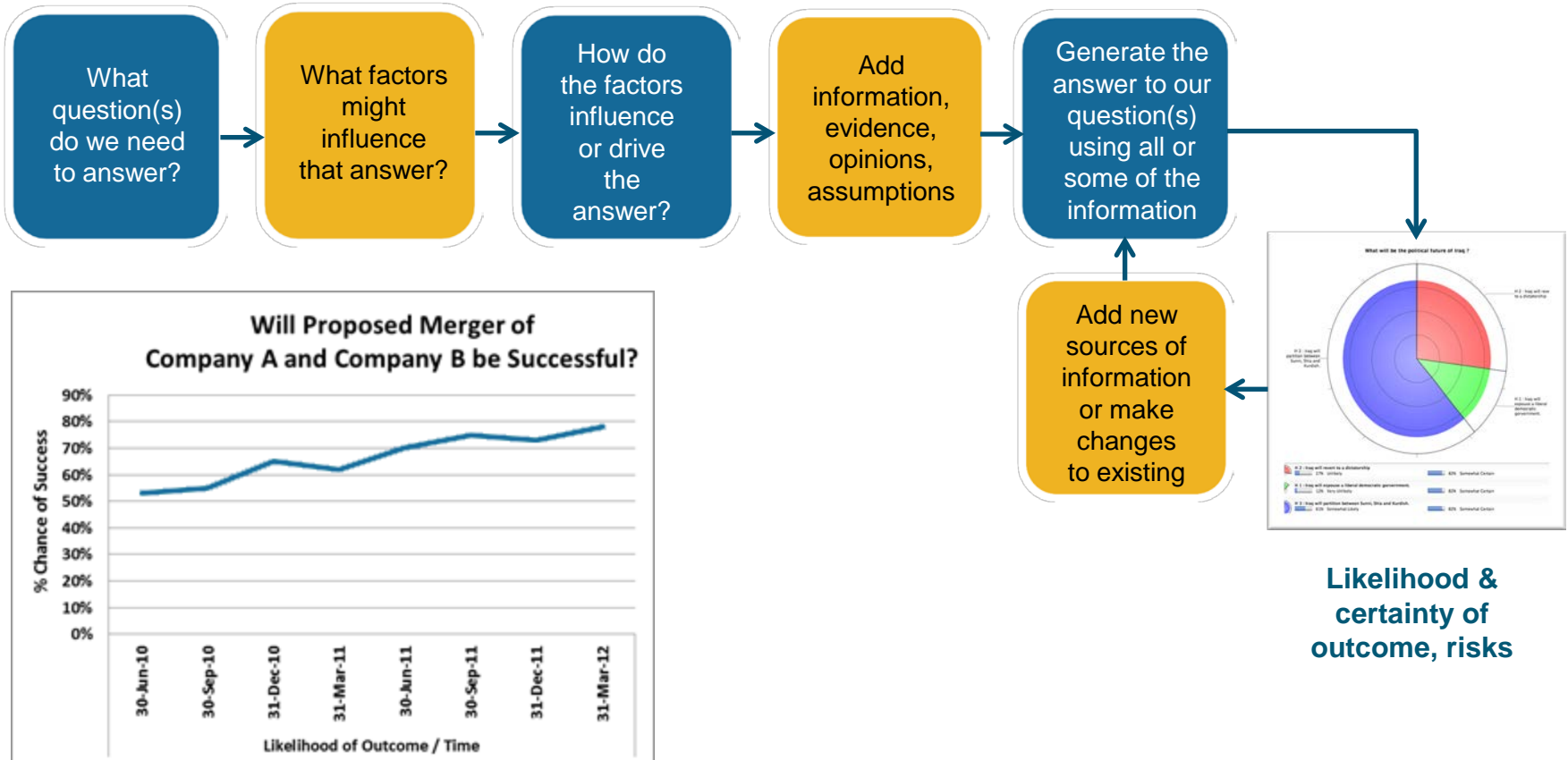# COLLABORATIVE DECISION PROCESS

Veriluma's predictive intelligence software is designed to help organisations gain greater insight into problems, questions and hypotheses leading to better decisions in shorter timeframes.

- First, the problem is dissected and the factors affecting the outcome understood

- The Intelfuze application provides an analyst workbench where the problem is mapped and information added

- Models can be built by clients, partners or by Veriluma consultants in collaboration with the client/partner

- The engine is called from within Intelfuze to run assessments of the modelled problem ie. the outcome

- The *likelihood* of the outcome and the level of *certainty* (confidence of the result) are calculated. In addition, the assessment shows the factors contributing to the outcome with *risks*, missing information and conflicts highlighted

- Assessments can be executed at any time but most often when data is added or changed

- The engine can also be called from within client/partner's technologies, applications or processes

Intelfuze or API
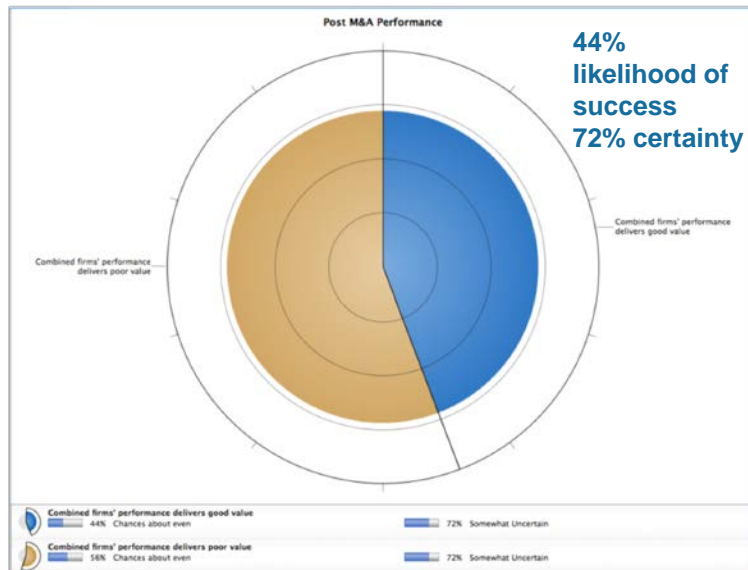
Models

Patented Engine

Collaborative Decision Process

HOW VERILUMA WORKS
COLLABORATIVE DECISION PROCESS

What question(s) do we need to answer? → What factors might influence that answer? → How do the factors influence or drive the answer? → Add information, evidence, opinions, assumptions → Generate the answer to our question(s) using all or some of the information

Add new sources of information or make changes to existing

Likelihood & certainty of outcome, risks

Will Proposed Merger of Company A and Company B be Successful?

Assess and track situations over time as information changes.

HOW VERILUMA WORKS
THE DECISION TREE

44% likelihood of success 72% certainty

Organisational behaviour contributes in a negative way

What contributed to the result

Cultural compatibility is one of the red flags (or risks) to the success of this acquisition
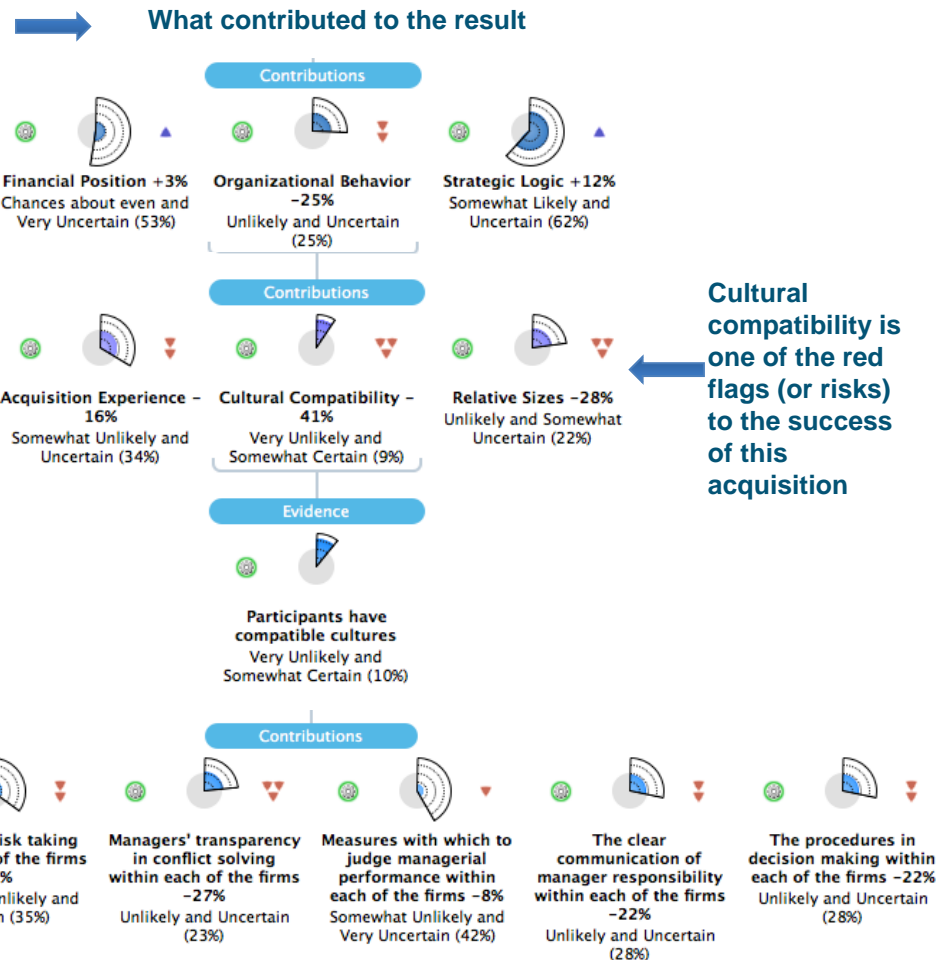
$2 BILLION GLOBAL MARKET

- **IDC** in 2014 estimated **global revenues of $2 billion with 38.2% compound annual growth in the last five years**

- *"Collaborative Decision Making is rising with at least five years from mainstream adoption. There is a viable market today for vendors in this zone." - Gartner 2013*

GLOBAL APPLICATIONS

- Government Departments
- Defence Agencies
- Policing
- Counter Terrorism
- Merger and Acquisition
- Legal Outcomes
- Mining
- Banking and Finance
- Insurance
- Healthcare
- Environmental Agencies
- Education
- Marketing
- Research

MULTIPLE INDUSTRIES & APPLICATIONS

FINANCIAL SERVICES

- Mergers & Acquisitions: Harvard Business Review valued global M&A at $US3.6 trillion in Q4 2014 with 70-90% failure rate
- Risk Mitigation
- Credit Risk Rating
- Fraud Detection
- Wealth Management
- Asset Management
- Strategic Planning
- Track and predict market trends: likelihood of property bubbles bursting
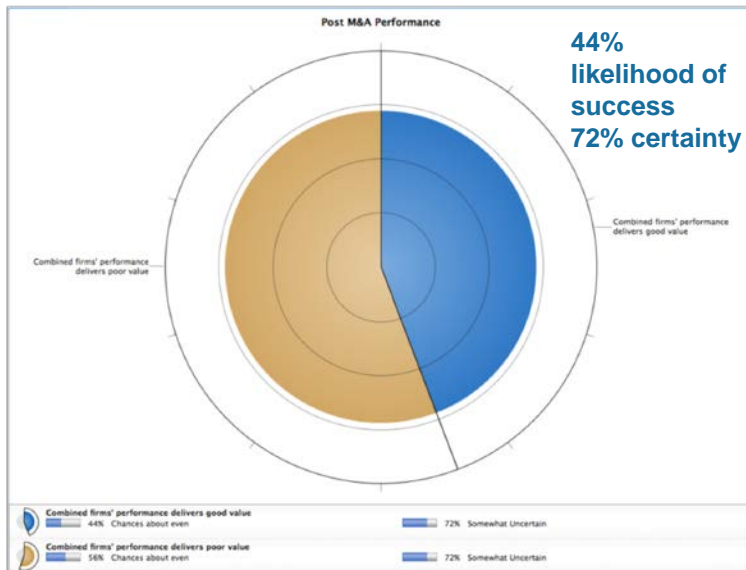
INDUSTRY

- Criticality of parts within a production line/mining operation
- Risks and threats to future development sites:
  - Political/Cultural
  - Environmental
  - Financial
- Project Management – risks obstructing successful delivery
- Strategic planning & competitive positioning
- Predicting impacts of weather, politics, crises
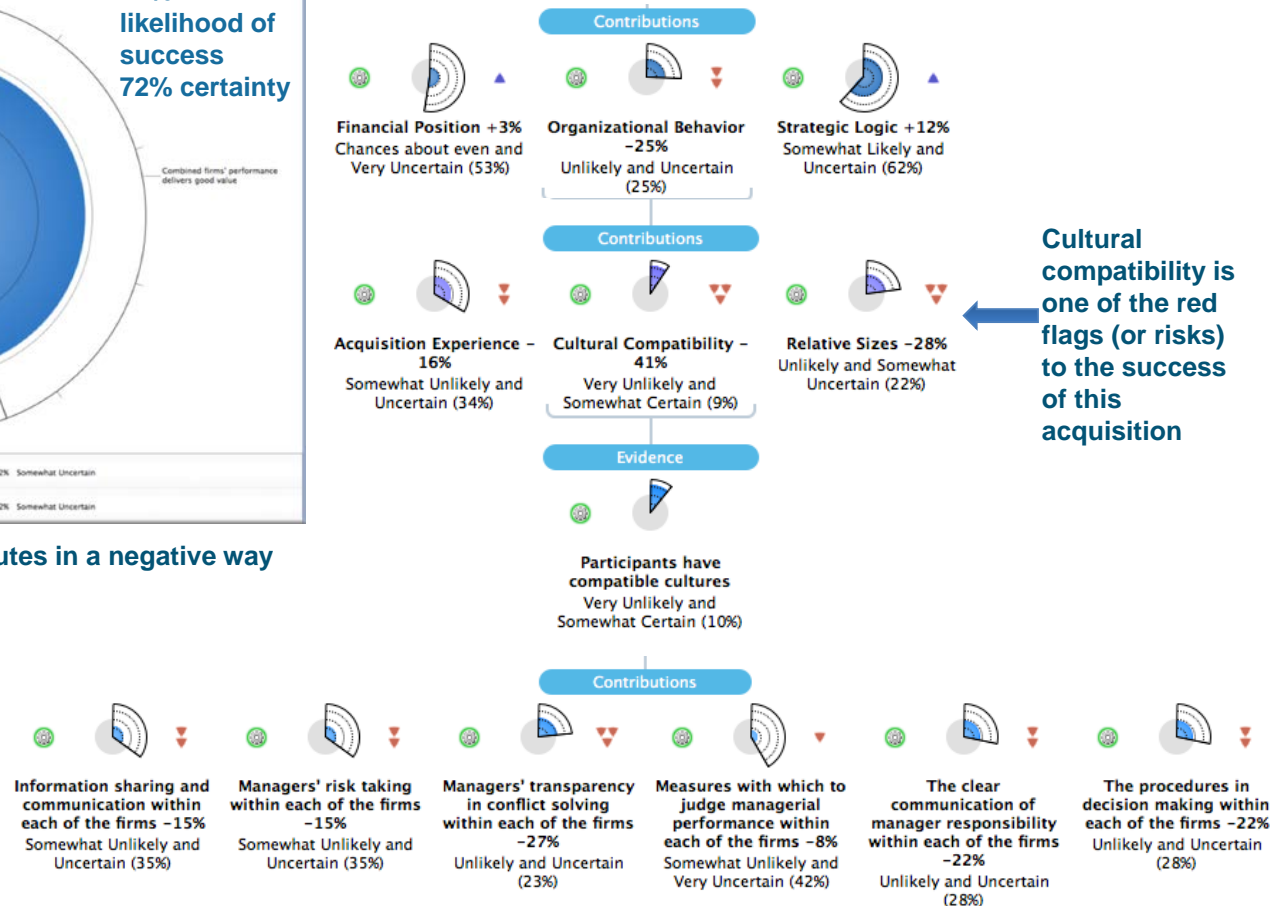
PROFESSIONAL SERVICES

- Assess and analyse complex cases with multiple lists of suspects and multilayered evidence
- Track long term operations for example organised crime, requiring transparency and oversight
- Criminal law – strategy tool for prosecution or defence
- Assessing success of personal injury, family law and estate claims

Veriluma

POST M&A CASE STUDY EXAMPLE: SUCCESS OF COMBINED FIRMS

Veriluma

44% likelihood of success 72% certainty

What contributed to the result

Contributions

Financial Position +3%
Chances about even and Very Uncertain (53%)

Organizational Behavior −25%
Unlikely and Uncertain (25%)

Strategic Logic +12%
Somewhat Likely and Uncertain (62%)

Contributions

Acquisition Experience − 16%
Somewhat Unlikely and Uncertain (34%)

Cultural Compatibility − 41%
Very Unlikely and Somewhat Certain (9%)

Relative Sizes −28%
Unlikely and Somewhat Uncertain (22%)

Cultural compatibility is one of the red flags (or risks) to the success of this acquisition

Evidence

Participants have compatible cultures
Very Unlikely and Somewhat Certain (10%)

Contributions

Information sharing and communication within each of the firms −15%
Somewhat Unlikely and Uncertain (35%)

Managers' risk taking within each of the firms −15%
Somewhat Unlikely and Uncertain (35%)

Managers' transparency in conflict solving within each of the firms −27%
Unlikely and Uncertain (23%)

Measures with which to judge managerial performance within each of the firms −8%
Somewhat Unlikely and Very Uncertain (42%)

The clear communication of manager responsibility within each of the firms −22%
Unlikely and Uncertain (28%)

The procedures in decision making within each of the firms −22%
Unlikely and Uncertain (28%)

Organisational behaviour contributes in a negative way

(Post M&A Performance chart)
Combined firms' performance delivers good value
Combined firms' performance delivers poor value
Combined firms' performance delivers good value — 44% Chances about even — 72% Somewhat Uncertain
Combined firms' performance delivers poor value — 56% Chances about even — 72% Somewhat Uncertain

FURTHER CASE STUDIES

Avian Flu: the likelihood of a flu virus becoming a pandemic
- Result achieved in two days with the input of six medical and veterinary experts
- Same threat assessment took the US Government scientists and mathematicians six months

Stuxnet: determining the origins of a cyber attack on the Iranian nuclear facility
- In 2010, a Veriluma assessment predicted the US Government with Israel was most likely the developer of the Stuxnet Trojan
- In 2012, President Obama admitted US Government were behind the attack

Iraq: what is the political future of the country?
- In 2013, Veriluma was asked by a European intelligence agency, to assess whether Iraq would become a democracy, revert to dictatorship or partition
- Assessment determined that Iraq was highly likely to partition

Retrospective assessments
- Should the Netherlands have known earlier during WWII that Germany would invade?
- Should the USA have known Russia would deploy missiles in Cuba in 1962?

Further case studies can be found in the Appendices.

COMPETITION

Business Intelligence and Analytics Vendors
- Despite increasing investment in Business Intelligence many organisations continue to make poor decisions
- A few Business Intelligence vendors are providing 'optional add-ons' for Collaborative Decision Making to facilitate better and faster decisions
- Analysis of data collated remains at the heart of the offering and cannot consider 'unknowns' or subjective input

Specific Collaborative Decision Making Offerings
- A handful of vendors offer tools for decisions within specific parameters eg industry focus
- Each handles the decision making *process* differently

Veriluma's Point of Difference
- Complementary to big data and analytics
- Patented approach is unique
- Veriluma determines outcome despite the *quantity* or *quality* of information available
- Known, unknown, uncertain, unreliable
- Subjective opinions
- Global application across industries

UNIQUE DIFFERENCE

- At the core of the patented engine is a mathematical calculus based on **Subjective Logic**
- Subjective Logic is suitable for analysing situations involving **uncertainty** and **incomplete** knowledge
- Our engine can deal with what we know **AND** can also consider what we don't know
- *Known* can be an opinion - a belief about something
- Intelfuze can take a feed of quantifiable data (known and historical) and combine it with an expert's prediction (his subjective opinion)
- Assessments provide insight of the likely outcome (with confidence) about a situation based on the information available at that time
- Assessments can be repeatedly executed - as new information or opinions arrive or change

PARTNERSHIPS

Global Defence Contractor

Represents Veriluma primarily within the Defence and Intelligence agencies in Canberra.

ONIQUA

Application vendor to asset-intensive industries such as mining, oil, gas, exploration and utilities

Veriluma's engine assesses the criticality of parts and their business impact to minimise production downtime for **Oniqua** clients.

Marketlend

Peer-to-Peer lending platform for the SME market

Marketlend is a peer to peer lender using an independent trustee and securitisation methods. Marketlend uses the Veriluma engine to assess the likelihood and certainty of an applicant repaying the loan.

LEGAL LOGIX

A Joint Venture to create disruptive legal applications for a global market initially with a focus on Personal Injury which is typically 'No win, no fee'.

Disruptive Vendors/Technologies: Financial Services including M&A Professional Services/Consulting

Discussions underway with services/application vendors to embed Veriluma's engine within their technology/service offerings to new and existing clients.

PATENTS

Registered patents protect Veriluma products:

- **United States Patent** - 7720787 issued 18 May 2010
- Australian Patent - 2006202485 issued 12 July 2010
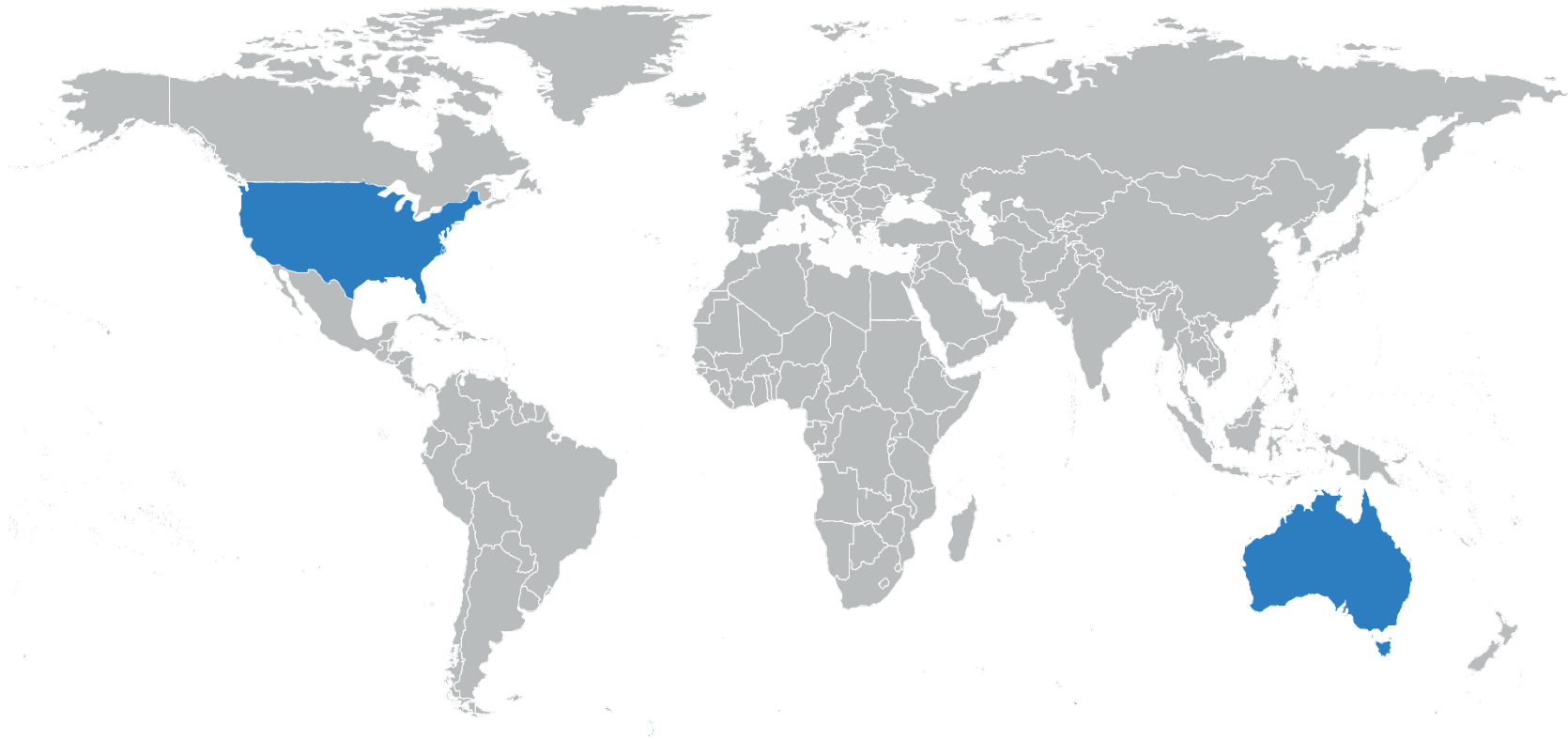
COMMERCIALISATION

COMMERCIALISING THE FIVE 'EYES'

The FIVE 'Eyes'

- An intelligence alliance between USA, Canada, UK, Australia, New Zealand
- Defence intelligence is our heritage - we will continue to focus on this sector, leveraging our existing client base to expand into other agencies and jurisdictions

Next steps

- **Secure the Australian Intelligence community**
  - Recruit an Account Executive with defence/intelligence background
    - Strong contacts into the sector
    - Based in Canberra
    - Penetrate federal agencies beyond defence
    - Works directly
    - Works indirectly by securing partnerships with system integrators and defence contractors

- **Secure international partnerships to leverage and penetrate the FIVE 'Eyes'**
  - Leveraging the Australian client base and partnerships

THE PATH TO COMMERCIALISATION

People

- Technical expertise to develop and maintain
- Product specialists for pre and post sales support
- Sales capability for direct sales (Federal Government)
- Sales capability for indirect sales (Channels Management)
- Advisory Board
- Marketing and communications

Re-architecture of current application to a hosted platform

- Device and data agnostic
- Highly scalable

Sourcing and developing vertical solutions

- In the first instance with partners using their domain expertise

Engage Gartner

- 12 month program
- To build company profile
- Who, where and when to target
- Increased global awareness
- Geographic expansion and visibility
- Analyst engagement

COMMERCIALISATION STREAMS

Horizontal
Solution

Subscription
Per Analyst/Project
Consulting
Education
Support
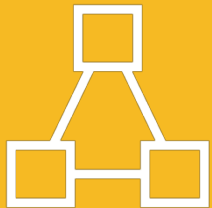
**SaaS
Vertical
Solutions**

Subscription
Volume/Value
Rates

White Label

Subscription
Consumption
Consulting
Education
Support

On Premise

Subscription
Per Analyst/Project
Consulting
Education
Support

SUMMARY

- **Patented** Collaborative Decision Making software

- Intelfuze delivers clear forecast outcomes to individuals, businesses and governments with degree of certainty and risks

- Intelfuze currently helps Australian intelligence agencies to assess global security, foreign military, transnational terrorism threats and provides accurate assessments for defence decision makers

- Targeting what is currently a $2 billion market with 38.2% compound annual growth

- Multiple global applications across banking and finance, M&A, government departments, legal and insurance industries already identified

- Commercialisation strategy underway with international patents secured

- ASX listing in first quarter 2016

PREDICTIVE INTELLIGENCE FOR COMPLEX DECISIONS.

Veriluma

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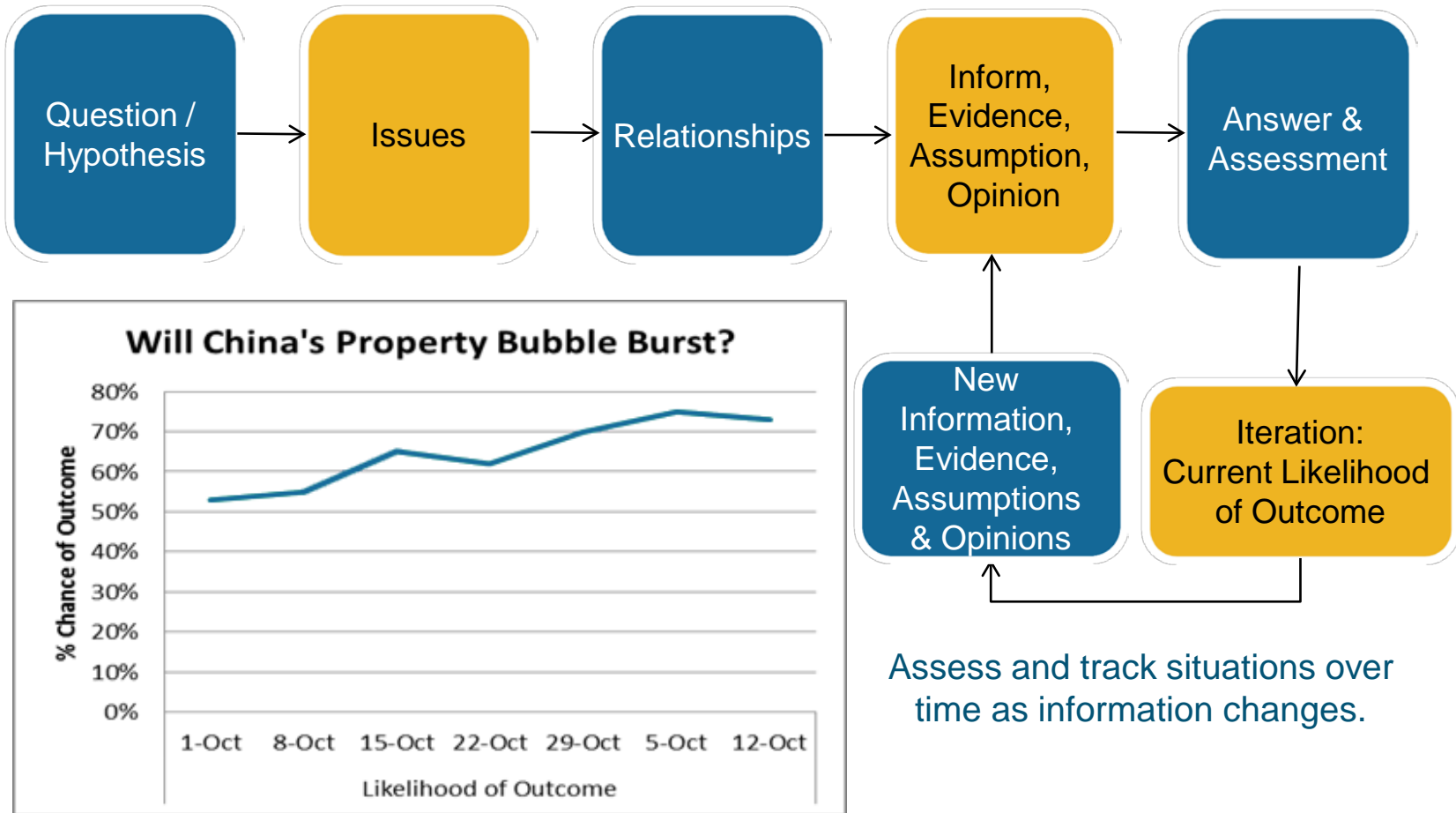e: peter@nwrcommunications.com.au
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APPENDICES

The Collaborative Decision Making Process

Intelfuze Approach

Case Study Snapshots

COLLABORATIVE DECISION PROCESS

Question / Hypothesis → Issues → Relationships → Inform, Evidence, Assumption, Opinion → Answer & Assessment

New Information, Evidence, Assumptions & Opinions

Iteration: Current Likelihood of Outcome

Will China's Property Bubble Burst?

% Chance of Outcome

- 80%
- 70%
- 60%
- 50%
- 40%
- 30%
- 20%
- 10%
- 0%

1-Oct 8-Oct 15-Oct 22-Oct 29-Oct 5-Oct 12-Oct

Likelihood of Outcome

Assess and track situations over time as information changes.

INTELFUZE AND THE COLLABORATIVE DECISION PROCESS

- Designed for analysts to create greater insight and results, for problems, hypotheses and questions
- The user interface provides analysts with a workbench to build models of problems, add data and assess the likelihood and certainty for the modeled problem
- Models can be built by clients or partners or by Veriluma using the client/partner's domain expertise
- Patented engine is based on Subjective Logic - the engine is called when an assessment is run
- From within Intelfuze, the analyst can execute an assessment at any time but most often when data is added or changed
- The patented engine can also be called by an external process (or application), execute an assessment and return the results without the Intelfuze interface (headless)

Intelfuze

Models

Engine

Process
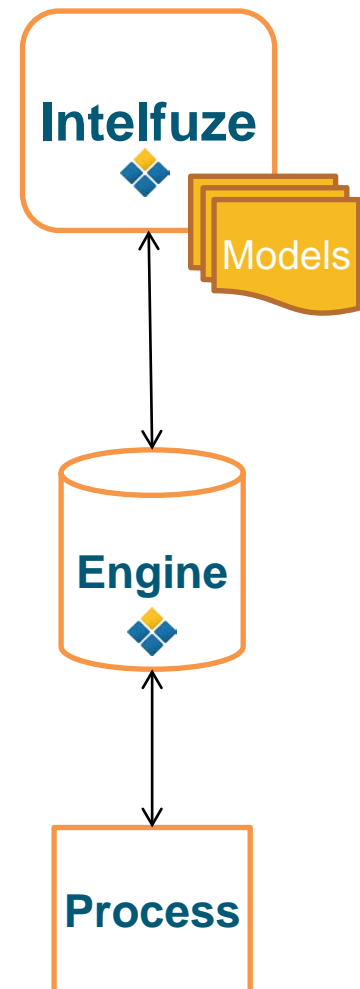
INTELFUZE COMPLEMENTS DATA ANALYTICS

Rear Vision Mirror Consider only the past?

'Traditional' Analytics

90%

10%

Foresight Consider the unknown?

Intelfuze
Predictive Intelligence

- Best for **Data-Rich** problems
- Requires large amounts of data
- Does not gracefully cope with unreliable or missing information
- Typically **slow** to build models and derive results

- Best for **Data-Poor** problems
- Works with the data that is available
- Handles uncertain, unreliable and unknown information
- **Fast** to build models and derive results

Best for problems when you are not time-bound and when large amounts of data are available

Best for problems when you need answers fast or when data availability or quality is variable

CHINA PROPERTY FAILURES $33 BILLION DUE

BLOOMBERG NEWS 20 JUNE 2014:

"Chinese property trusts face record repayments next year as the real-estate market cools, fueling speculation among bond funds that more developers will collapse.

The trusts, which channel money from wealthy individuals to smaller builders that have trouble obtaining financing elsewhere, must **repay 203.5 billion yuan ($32.7 billion) in 2015**, according to **Use Trust**, a Chinese research firm. That's almost double the 109 billion yuan due this year. New issuance of the products slumped to 40.7 billion yuan this quarter, the least in more than two years,

"Trust loan defaults will rise substantially," said Fiona Cheung, head of Asia credit at Manulife Asset Management's fixed-income team which oversees $44 billion globally. "It won't be surprising if there are **more collapses of China**'s property companies. Those companies that suffer from weak sales, that bought land too aggressively last year funded by debt and that have poor access to capital markets will potentially experience cash flow pressure."

JPMorgan Chase & Co. says the real-estate industry poses the biggest near-term risk to growth in the world's second-largest economy after new home prices dropped in the most cities in two years last month. China's banking regulator said on June 6 it will monitor developer finances, a sign of concern defaults may spread after the March collapse of Zhejiang Xingrun Real Estate Co., a builder south of Shanghai."

Collapse of the Chinese Property Market

IRAQ'S POLITICAL FUTURE

The Washington Post **August 2014**

Middle East

Iraq's political situation appears dire as prime minister fiercely digs in

By Loveday Morris August 10 Follow @LovedayM

BAGHDAD — Special forces teams and army tanks surrounded the Green Zone housing Iraq's government as Prime Minister Nouri al-Maliki fiercely clung to power Sunday, taking the stability of the country to the brink at a moment when it is already facing a lethal challenge from radical Islamist fighters.

In actions that had all the markings of a political coup, Maliki gave a defiant late-night speech in Baghdad saying he would lodge a legal case against the country's president, who has resisted naming him as the candidate for another term as prime minister.

Tanks rumbled onto major bridges and roads in the capital as security forces were put on high alert, with militiamen also patrolling Shiite neighborhoods. The special forces teams surrounding the Green Zone were taking orders directly from the prime minister, security officials said.

Maliki's critics blame him for overseeing the de facto fragmentation of the country, with extremists from the Sunni-dominated Islamic State marauding through territory in the north and west and threatening Baghdad. They say Maliki, a Shiite, has persecuted and alienated members of the Sunni minority, driving them into the arms of radical groups.

The United States began airstrikes in northern Iraq on Friday as the al-Qaeda-inspired Islamic State threatened previously stable Kurdish territory, sending thousands of minority Christians and Yazidis fleeing for their lives.
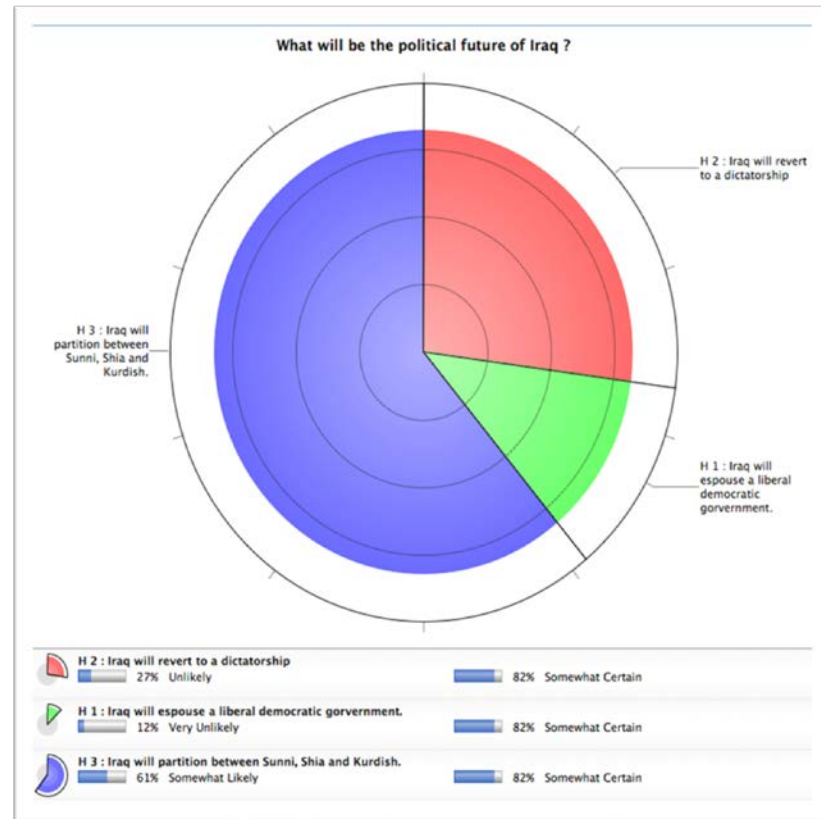
With an objective assessment, decisions to act can be taken sooner or different decisions can be made.

CYBER ATTACK ON IRANIAN NUCLEAR PLANT

MH370 – MISSING FLIGHT

Where is the aircraft?
- possibilities where to search
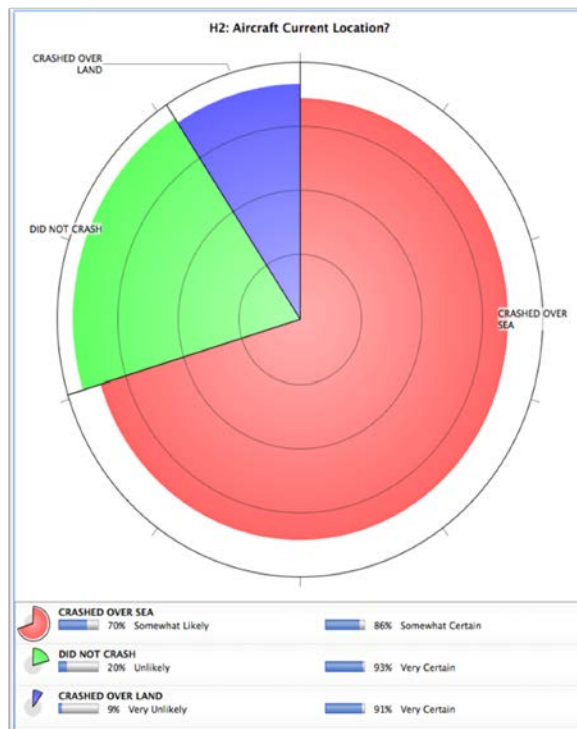
Sector for search
- where specifically should we search?

Could a state actor be involved?

H2: Aircraft Current Location?

CRASHED OVER LAND
DID NOT CRASH
CRASHED OVER SEA

CRASHED OVER SEA
70% Somewhat Likely — 86% Somewhat Certain

DID NOT CRASH
20% Unlikely — 93% Very Certain

CRASHED OVER LAND
9% Very Unlikely — 91% Very Certain

4d) Sector for Search

O Within 2hrs flying time
A Over Land (China East, Philippines, Indonesia, Australia)
B1 Over Sea Indian Ocean
B2 Over Pacific Ocean
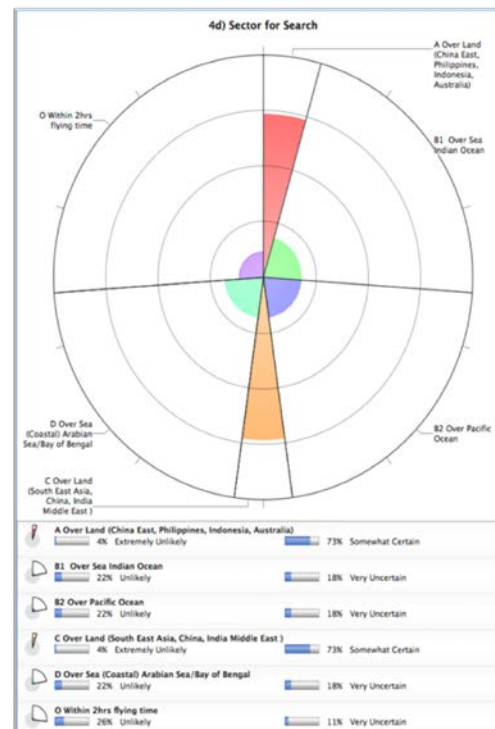D Over Sea (Coastal) Arabian Sea/Bay of Bengal
C Over Land (South East Asia, China, India Middle East)

A Over Land (China East, Philippines, Indonesia, Australia)
4% Extremely Unlikely — 73% Somewhat Certain

B1 Over Sea Indian Ocean
22% Unlikely — 18% Very Uncertain

B2 Over Pacific Ocean
22% Unlikely — 18% Very Uncertain

C Over Land (South East Asia, China, India Middle East)
4% Extremely Unlikely — 73% Somewhat Certain

D Over Sea (Coastal) Arabian Sea/Bay of Bengal
22% Unlikely — 18% Very Uncertain

O Within 2hrs flying time
26% Unlikely — 11% Very Uncertain

2c) Could disappearence involve a State Actor?

NO state actor involved
PRO EASTERN state actor involved
PRO WESTERN state actor involved

PRO WESTERN state actor involved
90% Very Likely — 85% Somewhat Certain

PRO EASTERN state actor involved
5% Extremely Unlikely — 85% Somewhat Certain

NO state actor involved
5% Extremely Unlikely — 85% Somewhat Certain