VERILUMA

VERILUMA LIMITED
(Formerly known
as Parmelia Resources Limited)
ABN 48 142 901 353

AND ITS CONTROLLED ENTITIES

ANNUAL REPORT
30 JUNE 2016

VERILUMA LIMITED AND ITS CONTROLLED ENTITIES
(FORMERLY KNOWN AS PARMELIA RESOURCES LIMITED)
ABN 48 142 901 353

ANNUAL REPORT 30 JUNE 2016

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CORPORATE DIRECTORY

Directors

Richard Anstey	Non-Executive Chairman
Elizabeth Whitelock	Managing Director and Chief Executive Officer
Nigel Gellard	Non-Executive Director

Company Secretary
Jay Stephenson

Registered Office
Suite 12, Level 1
11 Ventnor Avenue
West Perth
Western Australia 6005
Telephone +61 8 6141 3500
Facsimile +61 8 6141 3599
Website: www.parmeliaresources.com
Email: info@parmeliaresources.com.au

Auditor
Grant Thornton Audit Pty Ltd
Level 1, 10 Kings Park Road
West Perth
Western Australia 6005
Telephone +61 8 9480 2000
Facsimile +61 8 9322 7787
Website: www.grantthornton.com.au
Email: info.wa@au.gt.com

Share Registry
Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
Perth
Western Australia 6000
Telephone 1300 557 010
Telephone +61 3 9415 4000 Outside Australia
Facsimile +61 8 9323 2033
Email: web.queries@computershare.com.au

Home Exchange
Australian Securities Exchange Limited
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000
ASX Code – VRI

CORPORATE GOVERNANCE STATEMENT

The ASX Corporate Governance Council in its publication 'Corporate Governance Principles and Recommendations (3[rd] Edition)' (**Recommendations**). The Recommendations are not mandatory, however, the Recommendations that will not be followed have been identified and reasons have been provided for not following them.

The Company's Corporate Governance Plan has been posted on the Company's website at www.veriluma.com.au.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have and disclose a charter which: (a) sets out the respective roles and responsibilities of the Board, the chair and management; and (b) includes a description of those matters expressly reserved to the Board and those delegated to management.	YES	The Company has adopted a Board Charter. The Board Charter sets out the specific responsibilities of the Board, requirements as to the Boards composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors access to company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy. A copy of the Company's Board Charter is stated in Schedule 1 of the Corporate Governance Plan which is available on the Company's website.
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director.	YES	(a) The Company has detailed guidelines for the appointment and selection of the Board. The Company's Corporate Governance Plan requires the Board to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director. (b) Material information relevant to any decision on whether or not to elect or re-elect a Director will be provided to security holders in the notice of meeting holding the resolution to elect or re-elect the Director.
Recommendation 1.3 A listed entity should have a written agreement with each Director and Senior Executive setting out the terms of their appointment.	YES	The Company's Corporate Governance Plan requires the Board to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that director's or senior executive's appointment.
Recommendation 1.4 The Company Secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.	YES	The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.
Recommendation 1.5 A listed entity should:	YES	(a) The Company has adopted a Diversity Policy. (i) The Diversity Policy provides a framework for the Company to achieve a list of 6

CORPORATE GOVERNANCE STATEMENT

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
(a) have a diversity policy which includes requirements for the Board: (i) to set measurable objectives for achieving gender diversity; and (ii) to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary or it; and (c) disclose as at the end of each reporting period: (i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and (ii) either: (A) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.		measurable objectives that encompass gender equality. (ii) The Diversity Policy provides for the monitoring and evaluation of the scope and currency of the Diversity Policy. The company is responsible for implementing, monitoring and reporting on the measurable objectives. (b) The Diversity Policy is stated in Schedule 9 of the Corporate Governance Plan which is available on the company website. (c) (i) The measurable objectives set by the Board will be included in the annual key performance indicators for the CEO, MD and senior executives. In addition the Board will review progress against the objectives in its annual performance assessment. (ii) The Board will include in the annual report each year, the measurable objectives, progress against the objectives, and the proportion of male and female employees in the whole organisation, at senior management level and at Board Level.
Recommendation 1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	YES	(a) The Board is responsible for evaluating the performance of the Board and individual directors on an annual basis. It may do so with the aid of an independent advisor. The process for this can be found in Schedule 6 of the Company's Corporate Governance Plan. (b) The Company's Corporate Governance Plan requires the Board to disclosure whether or not performance evaluations were conducted during the relevant reporting period. Details of the performance evaluations conducted will be provided in the Company's Annual Reports.
Recommendation 1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in	YES	(a) The Board is responsible for evaluating the performance of senior executives. The Board is to arrange an annual performance evaluation of the senior executives. (b) The Company's Corporate Governance Plan requires the Board to conduct annual performance of the senior executives. Schedule 6 'Performance Evaluation' requires the Board to disclose whether or not performance evaluations were conducted during the relevant

<table>
<tr><th>PRINCIPLES AND RECOMMENDATIONS</th><th>COMPLY (YES/NO)</th><th>EXPLANATION</th></tr>
<tr><td>accordance with that process.</td><td></td><td>reporting period. Details of the performance evaluations conducted will be provided in the Company's Annual Report.</td></tr>
<tr><td colspan="3">Principle 2: Structure the Board to add value</td></tr>
<tr><td>Recommendation 2.1
The Board of a listed entity should:
(a) have a nomination committee which:
(i) has at least three members, a majority of whom are independent Directors; and
(ii) is chaired by an independent Director,
and disclose:
(iii) the charter of the committee;
(iv) the members of the committee; and
(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</td><td>NO</td><td>Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Nomination Committee. Pursuant to clause 4(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Nomination Committee under the written terms of reference for that committee.
The duties of the Nomination Committee are outlined in Schedule 5 of the Company's Corporate Governance Plan available online on the Company's website.
The Board devotes time at Board meetings to discuss Board succession issues. All members of the Board are involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.
The Board regularly updates the Company's Board skills matrix (in accordance with recommendation 2.2) to assess the appropriate balance of skills, experience, independence and knowledge of the entity.</td></tr>
<tr><td>Recommendation 2.2
A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</td><td>YES</td><td><table>
<tr><th>Board Skills Matrix</th><th>Number of Directors that Meet the Skill</th></tr>
<tr><td>Executive & Non- Executive experience</td><td>3</td></tr>
<tr><td>Industry experience & knowledge</td><td>2</td></tr>
<tr><td>Leadership</td><td>3</td></tr>
<tr><td>Corporate governance & risk management</td><td>3</td></tr>
<tr><td>Strategic thinking</td><td>3</td></tr>
<tr><td>Desired behavioural competencies</td><td>3</td></tr>
<tr><td>Geographic experience</td><td>2</td></tr>
</table></td></tr>
</table>

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
		Capital Markets experience: 3 *Subject matter expertise:* - accounting: 2 - capital management: 2 - corporate financing: 3 - industry taxation [1]: 0 - risk management: 3 - legal: 3 - IT expertise [2]: 0 (1) Skill gap noticed however an external taxation firm is employed to maintain taxation requirements. (2) Skill gap noticed however an external IT firm is employed on an adhoc basis to maintain IT requirements.
Recommendation 2.3 **A listed entity should disclose:** (a) the names of the Directors considered by the Board to be independent directors; (b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and (c) the length of service of each Director	YES	(a) The Board Charter provides for the disclosure of the names of Directors considered by the Board to be independent. These details are provided in the Annual Reports and Company website. (b) The Board Charter requires Directors to disclose their interest, positions, associations and relationships and requires that the independence of Directors is regularly assessed by the Board in light of the interests disclosed by Directors. Details of the Directors' interests, positions associations and relationships are provided in the Annual Reports and Company website. (c) The Board Charter provides for the determination of the Directors' terms and requires the length of service of each Director to be disclosed. The length of service of each Director is provided in the Annual Reports and Company website.
Recommendation 2.4 A majority of the Board of a listed entity should be independent Directors.	YES	The Board Charter requires that where practical the majority of the Board will be independent. Details of each Director's independence are provided in the Annual Reports and Company website.
Recommendation 2.5 The chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.	YES	The Board Charter provides that where practical, the Chairman of the Board will be a non-executive director. If the Chairman ceases to be independent, Board will consider appointing a lead independent Director.

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PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.	YES	The Board Charter states that a specific responsibility of the Board is to procure appropriate professional development opportunities for Directors. The Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.
Principle 3: Act ethically and responsibly		
Recommendation 3.1 A listed entity should: (a) have a code of conduct for its Directors, senior executives and employees; and (b) Disclose that code or a summary of it.	YES	(a) The Corporate Code of Conduct applies to the Company's Directors, senior executives and employees. (b) The Company's Corporate Code of Conduct is in Schedule 2 of the Corporate Governance Plan which is on the Company's website.
Principle 4*: Safeguard integrity in Corporate reporting*		
Recommendation 4.1 The Board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and (ii) is chaired by an independent Director, who is not the chair of the Board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	NO	Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Audit and Risk Committee. Pursuant to Clause 4(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Audit and Risk Committee under the written terms of reference for that committee. The role and responsibilities of the Audit and Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website. The Board devote time at annual Board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors. All members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.
Recommendation 4.2		The Company's Corporate Governance Plan states

CORPORATE GOVERNANCE STATEMENT

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	YES	that a duty and responsibility of the Board is to ensure that before approving the entity's financial statements for a financial period, the CEO and CFO have declared that in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	YES	The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	YES	(a) The Board Charter provides details of the Company's disclosure policy. In addition, Schedule 7 of the Corporate Governance Plan is entitled 'Disclosure – Continuous Disclosure' and details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation. (b) The Board Charter and Schedule 7 of the Corporate Governance Plan are available on the Company website.
Principle 6: ***Respect the rights of security holders***		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	YES	Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company website.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	YES	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Shareholder Communications Strategy outlines a range of ways in which information is communicated to shareholders.
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	YES	The Shareholder Communications Strategy states that as a part of the Company's developing investor relations program, Shareholders can register with the Company Secretary to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website

<table>
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<tr><td></td><td></td><td>on which all information provided to the ASX is immediately posted.

Shareholders are encouraged to participate at all EGMs and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting.</td></tr>
<tr><td>Recommendation 6.4

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</td><td>YES</td><td>Security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX.

Shareholders queries should be referred to the Company Secretary at first instance.</td></tr>
<tr><td colspan="3">Principle 7: Recognise and manage risk</td></tr>
<tr><td>Recommendation 7.1

The Board of a listed entity should:
(a) have a committee or committees to oversee risk, each of which:
(i) has at least three members, a majority of whom are independent Directors; and
(ii) is chaired by an independent Director,
and disclose:
(iii) the charter of the committee;
(iv) the members of the committee; and
(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</td><td>NO</td><td>Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Audit and Risk Committee. Pursuant to Clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Audit and Risk Committee under the written terms of reference for that committee.

The role and responsibilities of the Audit and Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website.

The Board devote time at annual Board meetings to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.</td></tr>
<tr><td>Recommendation 7.2

The Board or a committee of the Board should:
(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the</td><td>YES</td><td>(a) The Company process for risk management and internal compliance includes a requirement to identify and measure risk, monitor the environment for emerging factors and trends that affect these risks, formulate risk management strategies and monitor the performance of risk management systems. Schedule 8 of the Corporate Governance Plan is entitled 'Disclosure – Risk Management' and details the Company's disclosure requirements with respect to the risk management review</td></tr>
</table>

CORPORATE GOVERNANCE STATEMENT

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Board; and (b) disclose in relation to each reporting period, whether such a review has taken place.		procedure and internal compliance and controls. (b) The Board Charter requires the Board to disclose the number of times the Board met throughout the relevant reporting period, and the individual attendances of the members at those meetings. Details of the meetings will be provided in the Company's Annual Report.
Recommendation 7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	YES	Schedule 3 of the Company's Corporate Plan provides for the internal audit function of the Company. The Board Charter outlines the monitoring, review and assessment of a range of internal audit functions and procedures.
Recommendation 7.4 A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	YES	Schedule 3 of the Company's Corporate Plan details the Company's risk management systems which assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (if appropriate). Review of the Company's risk management framework is conducted at least annually and reports are continually created by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The Board of a listed entity should: (a) have a Remuneration Committee which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	NO	Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Remuneration Committee. Pursuant to clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Remuneration Committee under the written terms of reference for that committee. The role and responsibilities of the Remuneration Committee are outlined in Schedule 4 of the Company's Corporate Governance Plan available online on the Company's website. The Board devote time at annual Board meetings to fulfilling the roles and responsibilities associated with setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.		
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives and ensure that the different roles and responsibilities of non-executive Directors compared to executive Directors and other senior executives are reflected in the level and composition of their remuneration.	YES	The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of non-executive, executive and other senior Directors.
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	YES	(a) Company's Corporate Governance Plan states that the Board is required to review, manage and disclose the policy (if any) on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. The Board must review and approve any equity based plans. (b) A copy of the Company's Corporate Governance Plan is available on the Company's website.

DIRECTORS' REPORT

The Directors of Veriluma Limited (Formerly known as Parmelia Resources Limited) present their report together with the financial statements of the consolidated entity being Veriluma Limited ("the Company") and its controlled entities ("the Group") for the financial year ended 30 June 2016.

Directors

The following persons were Directors of the Company and were in office for the entire year, and up to the date of this report, unless otherwise stated:

Mr Richard Anstey	Non-Executive Chairman (Appointed on 8 September 2016)
Ms Elizabeth Whitelock	Managing Director and Chief Executive Officer (Appointed on 8 September 2016)
Mr Nigel Gellard	Non-Executive Director (Resigned as Executive Chairman on 8 September 2016 and appointed as Non-Executive Director)
Mr Peter Ellery	Non-Executive Director (Resigned on 8 September 2016)
Mr Jay Stephenson	Non-Executive Director (Resigned on 8 September 2016)

Company secretary

The following person held the position of Company Secretary at the end of the financial year:

Mr Jay Stephenson - Chartered Secretary (FCIS), Master of Business Administration (MBA), Certified Management Accountant (CMA), Member of the Australian Institute of Company Directors (MAICD), Fellow of the Chartered Institute of Secretaries (ICSA), was appointed as Company Secretary for Veriluma Limited on 17 December 2010.

Principal activity

The Company was primarily involved in the exploration of its Jaurdi Hills Project in Western Australia.

On 8 December 2015, the Company signed a legally binding Heads of Agreement with the major shareholders of Veriluma Pty Ltd (ACN 117 490 785) ("Veriluma") to acquire 100% of the issued capital in Veriluma, a software technology development company.

On 8 September 2016, the Company successfully completed the acquisition of Veriluma and it changed the Company's principal activity to product development, marketing and commercialization of software, products and services.

Results of operations

The loss of the Group for the year ended 30 June 2016 amounted to \$3,159,135 (2015: \$1,694,143 loss). The significant increase in loss was due to a full impairment of \$2,088,808 was provided to all the exploration and expenditures of the Group.

Financial position

The net assets of the Group at 30 June 2016 were \$175,548 (2015: \$2,127,144).

Review of operations

On 8 December 2015, the Company signed a legally binding Heads of Agreement with the major shareholders of Veriluma Pty Ltd (ACN 117 490 785) ("Veriluma") to acquire 100% of the issued capital in Veriluma, a software technology development company.

DIRECTORS' REPORT

Review of operations (Continued)

In consideration for the 100% acquisition of Veriluma, the Company will issue to the shareholders of Veriluma a total of:

(a) 150,000,000 fully-paid ordinary shares in the capital of Veriluma Limited ("**VRI Shares"**); and

(b) 40,000,000 Performance Shares (**Performance Shares**), which will be separated into three tranches and convert into VRI Shares upon the following terms:

The terms and conditions of the performance shares are subject to ASX approval.

Class	Performance Milestone	Number of VRI Shares to be issued
A Performance Shares	A Performance Share Milestone will be taken to have been satisfied if, on or before the 2nd anniversary of the issue of the A Performance Shares, the Veriluma Business achieves annual sale revenues of not less than A$2.0 million.	10 million VRI Shares
B Performance Shares	B Performance Share Milestone will be taken to have been satisfied if, on or before the 3rd anniversary of the issue of the B Performance Shares, the Veriluma Business achieves annual sale revenues of not less than A$3.0 million.	15 million VRI Shares
C Performance Shares	A Performance Share Milestone will be taken to have been satisfied if, on or before the 4th anniversary of the issue of the C Performance Shares, the Veriluma Business achieves annual sale revenues of not less than A$10.0 million.	15 million VRI Shares

The acquisition was subject to a number of conditions precedents which have all been satisfied as at the date of this report, including:

(a) Veriluma Limited obtaining all necessary shareholder and regulatory approvals, consents or waivers required for the transactions contemplated by the Acquisition, including without limitation, shareholder approvals under ASX Listing Rules 7.1 and 11.1, under section 611, item 7 of the Corporations Act and ASX approval of the proposed terms and conditions of the Performance Shares;

(b) the redemption of all outstanding convertible notes and the discharge of any charges or other encumbrances;

(c) completion of due diligence into Veriluma to the satisfaction of Veriluma Limited;

(d) Veriluma Limited despatching a notice of meeting and explanatory memorandum to its shareholders seeking all shareholder approvals required for the acquisition, including an independent expert making a determination that the transaction is fair and/or reasonable to non-associated shareholders of Veriluma Limited;

(e) Veriluma Limited issuing a full form prospectus (to be completed by 5 April 2016) and successfully completing a re-compliance capital raising of not less than $3,250,000 at a price to be determined (**Principal Raising**);

(f) an employment contract being agreed and entered into with Ms. Whitelock as the proposed Chief Executive Officer of Veriluma Limited;

(g) Veriluma providing a business plan and budget satisfactory to Veriluma Limited and issuing audited financial statements for the year ended 30 June 2016 and such other audited financial statements required to satisfy the ASX;

(h) repayment or forgiveness of all other external or third party debt of Veriluma, repayment of all shareholder loans between Veriluma and its shareholders, and termination or renegotiation of any related party transactions that are not on arms' length commercial terms;

Review of operations (Continued)

(i) Veriluma obtaining all third party consents required to allow the sale of Veriluma without breaching any material contracts resulting from a change of control of Veriluma and, if required, all shareholders of Veriluma waiving any pre-emptive, participation or other rights over the issued capital of Veriluma; and

(j) Veriluma Limited simultaneously acquiring at Completion 100% of the issued capital of Veriluma from all of its shareholders.

On 23 December 2015, the Company and Veriluma have executed a formal Share Sale Agreement. The Company has agreed to allow Veriluma to issue an additional 12,857,400 shares to raise $450,000 to provide Veriluma with funds to repay $300,000 of the convertible notes outlined in (b) above, with the balance of $200,000 owing to be repaid by the Company via the issue of $200,000 worth of Veriluma Limited shares for no considerations as part of the re-compliance capital raising.

On 2 February 2016, the Company entered into a binding unsecured loan facility agreement to provide a loan facility to Veriluma of $100,000 with 7% interest rate per annum accrue daily and must be repaid by 30 June 2016.

On 26 February 2016, the Company entered into a binding secured loan facility agreement to provide a loan facility to Veriluma of $230,000 (inclusive of $100,000 previously advance drawn down under the original agreement). This agreement superseded and replaced the originals dated 2 February 2016. The loan bears an interest of 7% per annum accrue daily and must be repaid by 30 June 2016.

On 8 September 2016, the Company completed the acquisition of Veriluma.

Significant changes in the state of affairs

(a) On 8 December 2015, The Company announced non-renounceable rights issue of 1 new share for every 4 existing shares, offering 21,173,927 at an issue price of $0.035 per new share.
(b) At the same time, the Company proposed a placement of up to 14,285,714 Veriluma Limited shares at 3.5 cents per share to raise up to approximately $500,000. On 24 December 2015, the Placement has been completed via an oversubscribed offer.
(c) On 4 January 2016, 10,422,566 shares validly applied and there was a shortfall of 10,751,361 shares which value at $376,297.
(d) On 15 January 2016, the Company completed the allotment of shares under the non-renounceable rights offer top-up facility. Under the Top-up, 5,751,361 shares have been allotted.
(e) On 2 March 2016, the Company placed a 5 million non-renounceable rights issue shortfall shares announced on the 8 December 2015, to a Strategic Asia-based technology investor.

Dividends paid or recommended

No dividends were declared or paid during the year and the Directors do not recommend the payment of a dividend.

Significant events after the reporting date

On 12 July 2016, the Company was suspended from quotation on the Official List of the ASX.

On 13 July 2016, the shareholders approved the following resolutions:

i. to make significant change in the nature and scale of its activities to a development of software Company.
ii. to issue up to maximum of 50,000,000 shares (Capital Raising Shares), at an issue price of $0.07 each to raise $3,500,000.
iii. to issue 162,857,400 Shares and 40,000,000 performance shares to the shareholders of Veriluma Pty Ltd in consideration for the acquisition of all of the issued capital of Veriluma Pty Ltd.
iv. to issue 3,665,883 Shares to K S Capital Pty Ltd as the Lead Manager of the Company.
v. to issue 13,800,000 Shares to InSync Equity Services Pty Ltd as the Corporate Advisor of Veriluma.
vi. to issue 5,714,286 shares to Mr Nigel Gellard (or his nominee) for consulting fees due and payable to him
vii. to issue 500,000 options to Mr Jay Stephenson

Significant events after the reporting date (Continued)

viii. to issue 500,000 options to Mr Peter Ellery
ix. to issue 2,857,143 Shares to SJSM Pty Ltd as payment of outstanding loans which are owed by Veriluma Pty Ltd to SJSM Pty Ltd
x. the name of the Company to be changed from "Parmelia Resources Limited" to "Veriluma Limited" with effect from the date ASIC alters the Company's registration.
xi. with effect from Completion of the Acquisition, Mr Richard Anstey is elected as a Director.
xii. with effect from Completion of the Acquisition, Ms Elizabeth Whitelock is elected as a Director.
xiii. with effect from Completion of the Acquisition, the maximum remuneration to be paid to the non-executive Directors in aggregate for acting as non-executive Directors is increased by $150,000 per annum to a maximum of $400,000 per annum.
xiv. modification of Company's constitution.

On 29 July 2016, the Company issued the prospectus seek to raise $3,500,000 through the issue of 50,000,000 fully paid ordinary shares in the capital of the Company at $0.07 per share.

On 8 August 2016, the Company issued 5,714,286 ordinary shares in satisfaction for outstanding consulting fees due to Mr Gellard and 1,000,000 options to Mr Stephenson and Mr Ellery which were exercisable at 10.93 cents on or before 13 July 2016.

On 30 August 2016, the Company confirmed the oversubscriptions of the Prospectus offer to raise $3.5 million at an issue price of $0.07.

On 8 September 2016, the Company completed the acquisition of Veriluma and appointed Mr Richard Anstey as Non-Executive Chairman and Ms Elizabeth Whitelock as Managing Director and Chief Executive Officer of the Company. At the same time, Mr Peter Ellery and Mr Jay Stephenson resigned as Directors.

On 8 September 2016, the following equities were issued for the consideration of acquisition of Veriluma Pty Ltd:

i. 50,000,000 ordinary shares were issued pursuant to prospectus
ii. 162,851,400 ordinary shares and 40,000,000 performance shares as consideration for the acquisition of Veriluma Pty Ltd
iii. 3,665,883 ordinary shares for the payment of outstanding loans which are owed by Veriluma Pty Ltd To SJSM Pty Ltd
iv. 13,800,000 ordinary shares to Corporate Advisor and Lead Manager

At the time the financial statements were authorised for issue, the Group had not yet completed the acquisition accounting for the 100% interest of Veriluma Pty Ltd. In particular the fair values of the assets and liabilities have not been finalised. It is also not yet possible to provide detailed information about each class of acquired assets and liabilities of the acquired entities.

Likely development

All the exploration activities of the Consolidated Group have now reduced significantly now that the Completion of the acquisition of Veriluma has occurred. Veriluma intends to embrace two sales channels being direct sale and indirect sales and supported by the brand and products advertising, public relations and social media activities. The Company anticipated to progressively expanding into commonwealth, state and territory law enforcement agencies, particularly in their areas of operation addressing national security and counter-terrorism.

Environmental regulations

The mining leases granted to the Company pursuant to Mining Acts are granted subject to various conditions, which include standard environmental requirements. The Company adheres to these conditions and the Directors are not aware of any contraventions of these requirements.

DIRECTORS' REPORT

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the first measurement period the Directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

Information on Directors

Richard Anstey	**Non-Executive Chairman – Appointed 8 September 2016**
Qualifications and Experience	Fellow of Australian Institute of Company Directors (FAICD) Fellow of Australian Institute of Management (FAIM) Mr Anstey has more than 30 years' experience in the IT and telecommunications industries and in associated investment banking roles. Across this time, he has built and managed his own companies. The first, Tangent Group Pty Ltd, established a strong reputation for the development of software, software products and strategic management consultancy for the banking and finance sector. After the sale of Tangent and a year as a partner with Grant Samuel Technology Capital, he co-founded InQbator in 2000, an early stage investment group focused upon the technology, telecommunications and life sciences sectors. InQbator is now called iQFunds and has managed Commonwealth Government backed seed funds for the past 15 years. It has invested in over 30 companies and manages the remaining portfolio of 8 active companies in Australia and the U.S. He is a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Management.
Interest in Shares and Options	51,308,100 ordinary shares 3,420,540 Class A Performance Shares 5,130,810 Class B Performance Shares 5,130,810 Class C Performance Shares
Special Responsibilities	None
Directorships held in other listed entities	Non-executive director of Technology One Limited (ASX 200: TNE)

Elizabeth Whitelock	**Managing Director and Chief Executive Officer – Appointed 8 September 2016**
Qualifications and Experience	Bachelor of Law Ms Whitelock is a co-founder of Veriluma Pty Ltd and is the company's CEO. Elizabeth started her career in the UK working for the Metropolitan Police Force and now has over 25 years' experience in Senior Management and CEO roles with IBM, Information Builders Inc. Alphablox, SAS, Ingres, Computer Associates and Rogen. These roles have all shared a focus on Information Management Products and Services and have highlighted her strengths in strategic communications, sales, marketing and customer relations while also expanding partner programs and cementing customer relationships.
Interest in Shares and Options	45,156,000 ordinary shares 3,010,400 Class A Performance Shares 4,515,600 Class B Performance Shares 4,515,600 Class C Performance Shares
Special Responsibilities	None
Directorships held in other listed entities	None

Nigel Gellard	**Executive Chairman – Appointed 17 December 2010**
Qualifications and Experience	Nigel has over 20 years' experience in the resources, agricultural and financial services/funds management sectors. Previously, Nigel was co-founder and Executive Director of a privately owned boutique funds management firm. Prior to this Nigel spent five years dealing in the equities markets, most notably with Patersons Securities Limited. Prior to entering into the financial services and funds management industry, Nigel was Commercial Adviser to the Director of Exploration for Rio Tinto Plc, and based in London where he was responsible for advising on commercial matters relating to Rio Tinto's activities in Europe, Eastern Europe, South America and Africa. He was also responsible for the negotiation of commercial agreements and risk management. Nigel is a fellow of the Australian Institute of Company Directors.
Interest in Shares and Options	7,258,730 ordinary shares and 6,222,219 options
Special Responsibilities	None
Directorships held in other listed entities	None

Peter Ellery	**Non-Executive Director – Resigned on 8 September 2016**
Qualifications and Experience	Fellow of the Public Relations Institute of Australia Peter has 40 years' experience in the Western Australian resources sector. In 2006, he was appointed a Member of the Order of Australia in recognition of his services to the resources industry of Western Australia. He has served as Manager of Government and Public Affairs for Woodside Petroleum Ltd and CEO of the Chamber of Minerals and Energy of WA. He has been a pivotal figure in the formulation of company, industry and Government policy to maximise economic benefits from the development of Western Australia's resource industries.
Interest in Shares and Options	1,250,000 options
Special Responsibilities	None
Directorships held in other listed entities	None

Jay Stephenson	**Non-Executive Director – Resigned on 8 September 2016**
Qualifications and Experience	Fellow of Certified Practicing Accountants; Certified Management Accountant; Member Australian Institute of Company Directors; Master of Business Administration; Fellow of the Institute of Chartered Secretaries Australia. Mr Stephenson has been involved in business development for over 25 years, including approximately 21 years as Director, Chief Executive Officer, and Company Secretary of various listed and unlisted entities in resources, manufacturing, wine, hotels and property. He has been involved in business acquisitions, mergers, initial public offerings, capital raisings, and business restructuring, as well as managing all areas of finance for companies.
Interest in Shares and Options	237,500 ordinary shares and 500,000 options
Special Responsibilities	Company Secretary
Directorships held in other listed entities	Strategic Minerals Corporation NL (since July 2009) Doray Minerals Limited (since August 2009) Nickelore Limited (since July 2011) Yonder and Beyond Group Limited (since February 2011) Drake Resources Limited (since 2004) Hillcrest Litigation Services Limited (Since Sept 2015) Aura Energy Limited (August 2005 to July 2013) Bulletproof Group Limited (July 2011 to January 2014)

Meetings of Directors

The number of Directors' meetings and meetings of Committees of Directors held in the period and the number of meetings attended by each of the Directors of the Company during the period are:

	Board of Directors' Meetings	
	Number attended	**Number eligible to attend**
Nigel Gellard	6	6
Peter Ellery	6	6
Jay Stephenson	6	6

Number of Circular Resolutions: 6

Shares under option

At the date of this report, the unissued ordinary shares of the Company under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
15 November 2013	15 November 2016	$0.15	15,941,667
15 November 2013	31 October 2016	$0.065	4,500,000
8 August 2014	30 May 2017	$0.05	34,375,384
30 September 2014	30 May 2017	$0.05	2,836,000
3 December 2014	30 May 2017	$0.05	3,143,125
12 December 2014	31 October 2017	$0.064	4,500,000
18 December 2014	30 May 2017	$0.05	4,000,000
13 July 2016	13 July 2016	$0.01093	1,000,000
			70,296,176

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Indemnifying officers or auditor

During or since the end of the financial period the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- The Company has entered into agreements to indemnify all Directors and provide access to documents, against any liability arising from a claim brought by a third party against the Company. The agreement provides for the Company to pay all damages and costs which may be awarded against the Directors.
- The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a willful breach of duty in relation to the Company. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against and the premium paid cannot be disclosed.
- No indemnity has been paid to auditors.

Non-audit services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

– all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

– the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to Grant Thornton for non-audit services provided during the year ended 30 June 2016 and 2015:

	2016	2015
	$	$
Taxation services	3,850	4,950
	3,850	4,950

Auditor's independence declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 (Cth) for the year ended 30 June 2016 has been received and can be found on page26 of the Annual Report.

REMUNERATION REPORT (AUDITED)

The Directors are pleased to present the remuneration report which sets out the remuneration information for Veriluma Limited's non-executive Directors, executive Directors and other Key Management Personnel.

A. Principles used to determine the nature and amount of remuneration

Key Management Personnel (KMP) have authority and responsibility for planning, directing and controlling the activities of the Group. Key Management Personnel comprise the Directors of the Company.

Remuneration levels for Key Management Personnel are competitively set to attract and retain appropriately qualified and experienced Directors and executives. The Board may seek independent advice on the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally and the objectives of the Group's remuneration strategy.

The remuneration structures are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. Remuneration packages include a mix of fixed compensation, equity-based compensation, as well as employer contributions to superannuation funds.

Options may only be issued to Directors subject to approval by shareholders in a general meeting.

The Board has no established retirement or redundancy schemes.

The remuneration structure that has been adopted by the Group consists of the following components:

- Fixed remuneration being base fees as well as employer contributions to superannuation funds; and
- Short term incentives, being employee share schemes and bonuses.

Compensation levels are reviewed annually by the Board through a process that considers individual and overall performance of the Group. In addition, external consultants provide analysis and advice to ensure the Directors' and senior executives' compensation is competitive in the market place. During the period no such remuneration consultant was used and no senior executives other than Directors were employed.

Results of the 2015 remuneration report at the Annual General Meeting

A total of 84.45% of the proxies received for the Annual General Meeting voted yes on the 2015 remuneration report.

Performance Based Remuneration

Short-term and long-term incentive structure

Given the current size, nature and opportunities of the Group, the Board has given more significance to service criteria instead of market related criteria in setting the Group's incentive schemes. Accordingly, at this stage the Board does not consider the Group's earnings or earnings related measures to be an appropriate Key Performance Indicator (KPI). In considering the relationship between the Group's remuneration policy and the consequences for the Company's shareholder wealth, changes in share price are analysed as well as measures such as successful completion of exploration activities (e.g. completion of exploration programs within budgeted timeframes and costs), development activities (e.g. completion of scoping and/or feasibilities studies), corporate activities (e.g. recruitment of key personnel/contractors) and business development activities (e.g. project acquisitions and capital raisings).

Short-term incentives

No short-term incentives in the form of cash bonuses were granted during the year.

Long-term incentives

The Board has a policy of granting incentive options to executives with exercise prices above market share price. As such, incentive options granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the Group increases sufficiently to warrant exercising the incentive options granted.

REMUNERATION REPORT (AUDITED)

B. Details of Remuneration

Details of the nature and amount of each element of the emoluments of each of the KMP of the Group for the year ended 30 June 2016 and 2015 are set out in the following tables:

2016

Group Key Management Personnel	**Short-term benefits**				**Post-employment benefits**	**Long-term benefits**	**Equity-settled share-based payments**		**Total**	**% of remuneration as options**
	Salary, fees and leave	**Profit share and bonuses**	**Non-monetary**	**Other**	**Super-annuation**	**Other**	**Equity**	**Options**		
Directors:	$	$	$	$	$	$	$	$	$	$
Nigel Gellard	30,000	-	-	-	2,850	-	-	-	32,850	-
Peter Ellery	3,600	-	-	-	-	-	-	-	3,600	-
Jay Stephenson	30,000	-	-	-	2,850	-	-	-	32,850	-
	63,600	-	-	-	5,700	-	-	-	69,300	-

2015

Group Key Management Personnel	**Short-term benefits**				**Post-employment benefits**	**Long-term benefits**	**Equity-settled share-based payments**		**Total**	**% of remuneration as options**
	Salary, fees and leave	**Profit share and bonuses**	**Non-monetary**	**Other**	**Super-annuation**	**Other**	**Equity**	**Options**		
Directors:	$	$	$	$	$	$	$	$	$	$
Nigel Gellard	30,000	-	-	-	2,850	-	-	-	32,850	-
Peter Ellery	3,600	-	-	-	-	-	-	-	3,600	-
Jay Stephenson	30,000	-	-	-	2,850	-	-	-	32,850	-
	63,600	-	-	-	5,700	-	-	-	69,300	-

C. Service agreements

Mr Nigel Gellard

The Company has entered into a contracting agreement with Mr Nigel Gellard to provide executive services for the Company. The contract commenced on 1 September 2013 and will conclude on earlier of termination of the agreement or 1 September 2016.

Mr Jay Stephenson

On 31 March 2010, the Company has entered into agreements with Wolfstar Group Pty Ltd and Wolfstar Corporate Management Pty Ltd (**Wolfstar Group**) for the provision of company secretarial and accounting services. These entities comprising the Wolfstar Group are related entities of Mr Jay Stephenson who is a Director and Company Secretary of the Company.

In consideration for Company Secretary and Financial Reporting services provided, Wolfstar is entitled to a fee of $4,000 per month. The Company will reimburse Wolfstar for all reasonable out-of-pocket expenses incurred including, but not limited to: photocopying; facsimile; long-distance telephone charges; delivery services; and travelling expenditure which may be required. This service agreement may be terminated at any time by either party giving one month's written notice to the other party.

REMUNERATION REPORT (AUDITED)

C. Service agreements (continued)

Ms Elizabeth Whitelock

On 8 September 2016, the Company has entered into executive employment contract with Ms Elizabeth Whitelock as a Managing Director and Chief Executive Director of the Company.

Under the Executive Employment Contract, Ms Whitelock will be employed by the Company on the following terms:

(a) a salary of $273,750, inclusive of superannuation and other statutory entitlements, to be reviewed after 12 months;
(b) a notice period of six months after the first anniversary of employment whereby either the Company or Ms Whitelock may terminate the employment without cause with six months prior notice;
(c) four weeks' paid annual leave each year and ten days' paid personal leave per year;
(d) all intellectual property developed by Ms Whitelock during her employment will belong to the Company; and
(e) a 12 month non-compete throughout Australia restricting Ms Whitelock from providing services to a direct competitor of the Company, or soliciting or enticing away customers or employees of the Company, during which period of restraint Ms Whitelock will be paid her usual remuneration.

There were no other service agreements with Directors in place.

D. Share-based remuneration

Incentive Option Scheme

Options are granted under the Company's Incentive Option Scheme. Eligible participants shall be full time or part time employees or consultants of the Company or an Associate Body Corporate. Options issued pursuant to the Scheme will be issued free of charge. The ability for the employee to exercise the options is restricted in accordance with the terms and conditions detailed in the Incentive Option Scheme. The exercise period may also be affected by other events as detailed in the terms and conditions in the Incentive Option Scheme.

Each option entitles the holder to subscribe for and be allotted one share. Shares issued pursuant to the exercise of options including bonus issues and new issues rank equally and carry the same rights and entitlements as other shares on issue.

	Grant Date	No.	FV per option at grant date	No. vested during the year	% of grant vested	% of grant forfeited	Exercise Price	Expiry date
Directors:								
Nigel Gellard	14/11/2014	3,500,000	$0.0251	3,500,000	100	-	$0.064	31 October 2017
Peter Ellery	14/11/2014	500,000	$0.0251	500,000	100	-	$0.064	31 October 2017
Jay Stephenson	14/11/2014	250,000	$0.0251	250,000	100	-	$0.064	31 October 2017
Nigel Gellard	28/11/2013	2,500,000	$0.0199	2,500,000	100	-	$0.065	31 October 2016
Peter Ellery	28/11/2013	250,000	$0.0199	250,000	100	-	$0.065	31 October 2016
		7,000,000						

The options have been granted to Key Management Personnel (KMP) to provide a market-linked incentive package in their capacity as KMP and for future performance by them in their roles. The KMP options vested immediately after the issue date.

The value of options granted as remuneration and as shown in the table above has been determined in accordance with applicable valuation models and accounting standards.

REMUNERATION REPORT (AUDITED)

D. Share-based remuneration (continued)

The dollar value of the percentage vested during the period has been reflected in the Directors' and executive officers' remuneration tables.

All options were issued by Veriluma Limited and entitle the holder to one ordinary share in Veriluma Limited for each option exercised.

The weighted average remaining contractual life of options outstanding at year-end was 1.26 years. The exercise price of outstanding share options at the end of the reporting period was $0.08.

The fair value of the options granted to employees is deemed to represent the value of the employee services received over the vesting period.

The weighted average fair value of options granted during the year was $nil (2015: $0.024). These values were calculated using the Black-Scholes option pricing model applying the following inputs:

Weighted average exercise price:	$0.06
Weighted average life of the option:	1.26 years
Expected share price volatility:	129%
Risk-free interest rate:	2.54%

Historical share price volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future volatility.

E. Equity instruments issued on exercise of remuneration options

There were no equity instruments issued during the year to Directors or other KMP as a result of options exercised that had previously been granted as compensation.

F. Other Information

Options held by Key Management Personnel

The number of options to acquire shares in the Company held during the 2016 and 2015 reporting period by each of the Key Management Personnel of the Group; including their related parties are set out below.

30 June 2016	Balance at the start of the year	Granted as remuneration	Exercised	Other changes	Balance at the end of the year	Vested and exercisable	Unvested
Nigel Gellard	6,222,219	-	-	-	6,222,219	6,222,219	-
Peter Ellery	750,000	-	-	-	750,000	750,000	-
Jay Stephenson	250,000	-	-	-	250,000	250,000	-
Total	7,222,219	-	-	-	7,222,219	7,222,219	-

30 June 2015	Balance at the start of the year	Granted as remuneration	Exercised	Other changes	Balance at the end of the year	Vested and exercisable	Unvested
Nigel Gellard	2,722,219	3,500,000	-	-	6,222,219	6,222,219	-
Peter Ellery	250,000	500,000	-	-	750,000	750,000	-
Jay Stephenson	-	500,000	-	(250,000)	250,000	250,000	-
Total	2,972,219	4,500,000	-	(250,000)	7,222,219	7,222,219	-

REMUNERATION REPORT (AUDITED)

Shares held by Key Management Personnel

The number of ordinary shares in the Company during the 2016 and 2015 reporting period held by each of the Key Management Personnel of the Group; including their related parties are set out below.

30 June 2016	Balance at the start of the year	Granted as Remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of Year
Nigel Gellard	1,544,444	-	-	-	1,544,444
Peter Ellery	-	-	-	-	-
Jay Stephenson	190,000	-	-	47,500	237,500
Total	1,734,444	-	-	47,500	1,781,944

30 June 2015	Balance at the start of the year	Granted as Remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of Year
Nigel Gellard	1,544,444	-	-	-	1,544,444
Peter Ellery	-	-	-	-	-
Jay Stephenson	190,000	-	-	-	190,000
Total	1,734,444	-	-	-	1,734,444

None of the shares included in the table above are held nominally by Key Management Personnel.

Loans to Key Management Personnel

There were no loans to Key Management Personnel during the financial year.

Other transactions with Key Management Personnel

Purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. The Group acquired the following services from entities that are controlled by members of the Group's KMP:

Some Directors of the Group hold or have held positions in other companies, where it is considered they control or significantly influence the financial or operating policies of those entities. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Entity	**Nature of transactions**	**Key Management Personnel**	**Total Transactions 2016 $**	**Total Transactions 2015 $**	**Payable Balance 2016 $**	**Payable Balance 2015 $**
Gellard Enterprises	Consulting services	Nigel Gellard	362,594[1]	132,480	242,800	58,291
	Consulting services	Peter Ellergy	8,756	-	-	-
Wolfstar Group Pty Ltd	Corporate advisory	Jay Stephenson	52,066	-	9,214	-
Wolfstar Corporate Management	Corporate Secretarial and Accounting service	Jay Stephenson	48,126	48,000	-	4,000

[1] Mr Gellard has provided executive services to the Company in addition to his duties as a Director under the Gellard Consultancy Agreement. These executive services were provided to the Company on a consultancy basis between 1 August 2012 and 30 August 2013 that were contingent upon Board approval. The Board approved payment of these services in FY16.

DIRECTORS' REPORT

End of Audited Remuneration Report

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 26 of the Annual Report.

This report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Nigel Gellard
Non-Executive Director
30 September 2016

Level 1
10 Kings Park Road
West Perth WA 6005

Correspondence to:
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration
To the Directors of Veriluma Limited (formerly Parmelia Resources Limited)

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Veriluma Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner - Audit & Assurance

Perth, 30 September 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	30 June 2016	30 June 2015
		$	$
Interest revenue		12,434	7,818
Other Income		221,864	156,033
Accounting fees		(79,047)	(72,531)
Acquisition cost		(195,540)	-
Audit fees	8	(31,679)	(33,290)
Conferences		-	(2,534)
Consulting fees		(224,846)	(132,480)
Directors' fees		(69,300)	(69,300)
Due diligence expenses		(40,862)	(5,789)
Impairment of exploration expenditure	12	(937,111)	(211,762)
Impairment of loan receivable		(337,544)	-
Exploration expenditure written off	12	(1,151,697)	(133,744)
Legal fees		(15,015)	(42,221)
Loss on disposal of tenements		(153,522)	-
Office rent expense		(3,973)	(34,200)
Share-based payment expense		-	(112,967)
Share registry and listing fees		(42,328)	(36,000)
Other administration expenses		(110,969)	(94,256)
Loss before income tax		(2,959,135)	(817,223)
Income tax expense	6	-	-
Loss for the period from continuing operations		(3,159,135)	(817,223)
Loss for the period from discontinued operations	26	-	(876,920)
Loss for the period		(3,159,135)	(1,694,143)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss: Exchange differences on translating foreign controlled entities		-	78,774
Other comprehensive income for the period, net of tax		-	78,774
Total comprehensive loss for the period attributable to members of the Company		(3,159,135)	(1,615,369)
Basic/diluted loss per share (cents per share)	9	(3.09)	(2.16)
Loss from continuing operations (cents per share)	9	(3.09)	(1.04)
Loss from discontinued operations (cents per share)	9c	-	(1.12)

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 $	2015 $
CURRENT ASSETS			
Cash and cash equivalents	**10**	286,015	237,090
Trade and other receivables	**11**	268,640	162,029
Other assets		2,943	8,851
		557,598	407,970
NON-CURRENT ASSETS			
Exploration and evaluation expenditures	**12**	-	1,877,262
TOTAL NON-CURRENT ASSETS		-	1,877,262
TOTAL ASSETS		557,598	2,285,232
CURRENT LIABILITIES			
Trade and other payables	**13**	382,050	158,088
TOTAL CURRENT LIABILITIES		382,050	158,088
TOTAL LIABILITIES		382,050	158,088
NET ASSETS		175,548	2,127,144
EQUITY			
Issued capital	**14**	7,573,442	6,365,903
Reserves	**15**	435,569	435,569
Accumulated losses		(7,833,463)	(4,674,328)
TOTAL EQUITY		175,548	2,127,144

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Note	Issued Capital	Option Reserves	Foreign Currency Translation Reserve	Accumulated Losses	Total
		$	$	$	$	$
Balance at 1 July 2014		5,472,269	154,232	(78,774)	(2,998,208)	2,549,519
Loss attributable to members of the Company		-	-	-	(1,694,143)	(1,694,143)
Other comprehensive income, net of tax		-	-	78,774	-	78,774
Total comprehensive loss for the year		-	-	78,774	(1,694,143)	(1,615,369)
Transactions with owners, recognised directly in equity						
Capital raising		986,556	166,877	-	-	1,153,433
Capital raising costs		(92,922)	-	-	-	(92,922)
Share-based payments	**17**	-	132,483	-	-	132,483
Options expired		-	(18,023)	-	18,023	-
Balance at 30 June 2015		6,365,903	435,569	-	(4,674,328)	2,127,144
Balance at 1 July 2015		6,365,903	435,569	-	(4,674,328)	2,127,144
Loss attributable to members of the Company		-	-	-	(3,159,135)	(3,159,135)
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive loss for the year		-	-	-	(3,159,135)	(3,159,135)
Transactions with owners, recognised directly in equity						
Capital raising		1,245,237	-	-	-	1,245,237
Capital raising costs		(37,698)	-	-	-	(37,698)
Balance at 30 June 2016		7,573,442	435,569	-	(7,833,463)	175,548

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(383,648)	(491,573)
Payments for acquisition costs		(236,402)	-
R&D Rebate		156,033	-
Interest received		5,044	7,818
Net cash from continuing operations		(458,973)	(483,755)
Net cash used in discontinued operations	**26**	-	(15,200)
Net cash used in operating activities	**17**	(458,973)	(498,955)
CASH FLOWS FROM INVESTING ACTIVITIES			
Refund of rent		33,274	-
Loan to Veriluma		(330,000)	-
Proceeds from sale of tenements		79,124	-
Payments for exploration and evaluation expenditure		(482,039)	(501,324)
Net cash used in investing activities		(699,641)	(501,324)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,245,237	986,556
Proceeds from issue of options		-	166,876
Payments for capital raising		(37,698)	(73,406)
Net cash from financing activities		1,207,539	1,080,026
Net decrease in cash and cash equivalents		48,925	79,747
Cash and cash equivalents at the beginning of the financial year		237,090	157,343
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the financial year	**10**	286,015	237,090

The above statement should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: REPORTING ENTITY

These consolidated financial statements and notes of Veriluma Limited ('the Company") and its controlled entities ("the Consolidated Group" or 'the Group"). Veriluma Limited is a listed public company, incorporated and domiciled in Australia. The address of the Company's registered office is Suite 12, Level 1/ 11 Ventnor Avenue, West Perth, Western Australia 6005.

NOTE 2: BASIS OF PREPARATION

(a) Statement of compliance

The consolidated general purpose financial statements have been prepared in accordance with Australian Accounting Standards ("AASBs") (including Australian interpretations) adopted by the Australian Accounting Standard Board ("AASB") and the Corporations Act 2001. Veriluma Limited is a for-profit entity for the purposes of preparing the financial report. The consolidated financial statements of the Group also comply with the International Financial Reporting Standards ("IFRSs") and interpretations adopted by the International Accounting Standards Board ("IASB").

The financial statements were approved by the Board of Directors on 30 September 2016.

Basis of measurement

The financial report has been prepared on an accruals basis and is based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going concern

The consolidated group has incurred a net loss after tax for the year ended 30 June 2016 of $3,159,135 (2015: $1,694,143 loss) and incurred net cash outflows from operations of $458,973 (2015: $498,955 net cash outflow). As at 30 June 2016, the consolidated group had cash and cash equivalents of $286,015 (30 June 2015: $237,090) and net assets of $175,548 (30 June 2015: $2,127,144)

. In the forthcoming 12 months from the date of these financial statements, the Company and the consolidated group will be required to meet various commitments, which require funds that are above and beyond the working capital of the consolidated group at 30 June 2016. These commitments included rents and minimum expenditures for tenements.

The Directors believe that it is appropriate to prepare the financial report on a going concern basis as follows:

- subsequent to 30 June 2016, the consolidated entity successfully raised $3.5 million, which is deemed sufficient to cover the costs in relation to the acquisition of Veriluma, working capital and on-going expenditure commitment of the consolidated entity.
- further funding will be required to meet the going forward working capital costs of the consolidated entity and to the extent that further equity is required, the Directors are confident that a sufficient capital raising can be completed, as has been demonstrated when required.

The financial report has been prepared on the basis that the Company and consolidated group will continue to meet their commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

After considering the uncertainties described above, the Directors have a reasonable expectation that the Company and consolidated entity have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the full year report and accounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 2: BASIS OF PREPARATION (CONTINUED)

(b) Functional and presentation currency

The financial report is presented in Australian dollars, which is the Group's functional currency.

(c) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Share-based payment transactions:

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes model.

Impairment of capitalised exploration and evaluation expenditure:

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

Refer to Note 12, for details of Impairments against capitalised exploration.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in this financial report.

a. Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2016. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June 2016.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

A list of controlled entities is contained in Note 23 to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (ie parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the Other Comprehensive Income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the profit or loss unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the profit or loss.

c. Income tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Income tax (continued)

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

d. Exploration and evaluation expenditure

Exploration and evaluation costs, including costs of acquiring licenses, are capitalised as exploration and evaluation assets on an area of interest basis. Costs of acquiring licences which are pending the approval of the Department of Mines and Petroleum, as at the date of reporting are capitalised as exploration and evaluation cost if in the opinion of the Directors it is virtually certain the Company will be granted the licences.

Exploration and evaluation assets are only recognised if the rights of tenure to the area of interest are current and either:

i) The expenditures are expected to be recouped through successful development and exploitation of the area of interest, or

ii) Activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment when:

i) Sufficient data exists to determine technical feasibility and commercial viability, and

ii) Facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy in Note 3(f). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

e. Financial instruments

Initial recognition and measurement

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

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

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Financial instruments (Continued)

Loans and receivables

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

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets).

Financial liabilities

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

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the profit or loss.

Derecognition

Financial assets are derecognised where the contractual rights to cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

f. Impairment

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Impairment (Continued)

Non-financial assets

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy or, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for receivables at a specific asset level. All receivables are individually assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

g. Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Equity-settled compensation

The Group operates an Incentive Option Scheme share-based compensation plan. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the profit or loss. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares of the options granted.

h. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will results and that outflow can be reliably measured.

i. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

j. Revenue and other income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

l. Borrowing costs

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

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

m. Goods and services tax (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Consolidated Statement of Cash Flows on a gross basis, except for the GST component of financing and investing activities, which are disclosed as operating cash flow.

n. Earnings per share

i. Basic earnings per share

Basic earnings per share is determined by dividing the profit/(loss) attributable to equity holders of the Company, excluding any costs of service equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii. Diluted earnings per share

Diluted earnings per share adjusts the figure used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financial costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

o. Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are regularly reviewed by the Company's Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

p. Government grants

An unconditional government grant is recognised in profit or loss as other income when the grant becomes receivable.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

Research and development tax incentives are recognised in the statement of profit or loss when received or when the amount to be received can be reliably estimated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q. Adoption of new and revised accounting standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australia Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. These include:

- Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part C: Financial Instruments)
- AASB 2014-1 Amendments to Australian Accounting Standards (Part E: Financial Instruments)
- AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010)

The adoption of all of the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has had no effect on the amounts reporting for the current or prior periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

r. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted by the Group

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements are provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements. It is unlikely that the adoption of these amendments or standards will have a material impact on the Group.

New/revised pronouncement	Explanation of amendments	Application Date of Standard	Application Date of Group
AASB 9 Financial Instruments	AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially- reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. **Classification and measurement** AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities. The main changes are described below. **Financial assets** a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b) Allows an irrevocable election on initial recognition to present gains and	1 January 2018	1 July 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

New/revised pronouncement	Explanation of amendments	Application Date of Standard	Application Date of Group
	losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. **Financial liabilities** Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows: • The change attributable to changes in credit risk are presented in other comprehensive income (OCI) • The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount. **Impairment** The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

New/revised pronouncement	Explanation of amendments	Application Date of Standard	Application Date of Group
	instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.		
AASB 2015-1	AASB 7 Financial Instruments: Disclosures: • Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 Disclosure–Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134. AASB 134 Interim Financial Reporting: • Disclosure of information 'elsewhere in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.	1 January 2016	1 July 2016
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	1 January 2016	1 July 2016
AASB 2015-3 Amendments to Australian Accounting	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	1 July 2015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

New/revised pronouncement	Explanation of amendments	Application Date of Standard	Application Date of Group
Standards arising from the Withdrawal of AASB 1031 *Materiality*			
AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	AASB 2014-9 amends AASB 127 Separate Financial Statements, and consequentially amends AASB 1 First-time Adoption of Australian Accounting Standards and AASB 128 Investments in Associates and Joint Ventures, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial corrections to AASB 127.	1 January 2016	1 July 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 4: DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Share-based payment transactions

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group, based on the value of goods and services provided, unless the value of the goods and services cannot be determined an options price model is used to determine value.

NOTE 5: LOSS BEORE INCOME TAX

	30 June 2016 $	30 June 2015 $
Loss before income tax includes the following specific expenses:		
- Share-based payment expense	-	112,967
- Due diligence expenses	40,862	5,789
- Directors' remuneration	69,300	69,300

NOTE 6: INCOME TAX

	30 June 2016 $	30 June 2015 $
Reconciliation between tax expense and pre-tax loss:		
Loss before income tax, including discontinued operations	(3,159,135)	(1,694,143)
Income tax benefit using the domestic corporate tax rate of 30%	(947,741)	(508,243)
Expenditure not allowed for income tax purposes	773,962	372,426
Deferred tax assets not brought to account	173,779	135,817
Income tax expense reported in the profit or loss	-	-
Unused tax losses	4,138,933	3,474,775
Temporary differences – profit and loss	18,960	14,287
Temporary differences - equity	261,281	308,164
	4,419,174	3,797,226
Potential benefit @ 30%	1,325,752	1,139,168
Tax benefits offset against deferred tax liability temporary differences	(281,133)	(563,179)
Unrecognised tax benefit	1,044,619	575,989

NOTE 6: INCOME TAX (CONTINUED)

Tax Consolidation

Veriluma Limited and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The Group nominated to become consolidated for taxation purposes on 28 October 2010.

All unused tax losses were incurred in Australia.

Potential deferred tax assets net of deferred tax liabilities attributable to tax losses have not been brought to account because the Directors do not believe it is appropriate to regard realisation of the future income tax benefits as probable as at the date of this report.

The benefits of these tax losses will only be obtained if:

(i) Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

(ii) The conditions for deductibility imposed by tax legislation continue to be complied with; and

(iii) No changes in tax legislation adversely affect the Group in realising the benefit.

NOTE 7: KEY MANAGEMENT PERSONNEL DISCLOSURES

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's Key Management Personnel (KMP) for the year ended 30 June 2016.

The totals of remuneration paid to KMP during the year are as follows:

	2016	2015
	$	$
Short-term benefits	63,600	63,600
Post-employment benefits	5,700	5,700
Share based payment expense	-	-
Other long term benefits	-	-
	69,300	69,300

Loans to Key Management Personnel

There were no loans to Key Management Personnel during the financial year.

Other transactions with Key Management Personnel

Purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. The Group acquired the following services from entities that are controlled by members of the Group's KMP.

Some Directors of the Group hold or have held positions in other companies, where it is considered they control or significantly influence the financial or operating policies of those entities. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

NOTE 7: KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

Entity	Nature of transactions	Key Management Personnel	Total Transactions 2016 $	Total Transactions 2015 $	Payable Balance 2016 $	Payable Balance 2015 $
Gellard Enterprises	Consulting services	Nigel Gellard	362,594[2]	132,480	242,800	58,291
	Consulting services	Peter Ellergy	8,756	-	-	-
Wolfstar Group Pty Ltd	Corporate advisory	Jay Stephenson	52,066	-	9,214	-
Wolfstar Corporate Management	Corporate Secretarial and Accounting service	Jay Stephenson	48,126	48,000	-	4,000

NOTE 8: AUDITOR'S REMUNERATION	**30 June 2016 $**	**30 June 2015 $**
Remuneration of the auditor of the Group for:		
Auditors Services		
Audit and review of financial reports	31,679	33,290
Taxation Services	3,850	4,950
The auditor of the Group is Grant Thornton Audit Pty Ltd.	35,529	38,240

NOTE 9: BASIC AND DILUTED LOSS PER SHARE

Basic loss per share (cents)

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average of ordinary shares outstanding during the year/period.

	2016 $	**2015 $**
a. Reconciliation of loss to profit/(loss)		
Loss attributable to members of Veriluma Limited	(3,159,135)	(1,694,143)
Loss used to calculate basic EPS	(3,159,135)	(1,694,143)
b. Reconciliation of loss to profit/(loss) from continuing operations		
Loss attributable to members of Veriluma Limited	(3,159,135)	(817,223)
Loss used to calculate basic EPS from continuing operations	(3,159,135)	(817,223)

[2] Mr Gellard has provided executive services to the Company in addition to his duties as a Director under the Gellard Consultancy Agreement. These executive services were provided to the Company on a consultancy basis between 1 August 2012 and 30 August 2013 that were contingent upon Board approval. The Board approved payment of these services in FY16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 9: BASIC AND DILUTED LOSS PER SHARE (CONTINUED)

	2016	2015
	$	$
c. Reconciliation of loss to profit/(loss) from discontinued operations		
Loss attributable to members of Veriluma Limited	-	(876,920)
Loss used to calculate basic EPS from discontinued operations	-	(876,920)
d. Weighted average number of ordinary shares outstanding during the year/period used to calculate basic EPS		
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	102,276,918	78,521,135

Potential shares as a result of options could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are anti-dilutive for the periods presented. There are no other dilutive instruments.

NOTE 10: CASH AND CASH EQUIVALENTS	2016	2015
	$	$
CURRENT		
Cash at bank	286,015	237,090
	286,015	237,090

NOTE 11: TRADE AND OTHER RECEIVABLES		2016	2015
CURRENT		$	$
Trade and other receivables		556,544	156,188
Provision for impairment	a	(337,544)	-
		219,000	156,188
GST receivable		49,640	5,841
Total Current trade and other receivables		268,640	162,029

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

a. **Provision for Impairment of Receivables**

Movement in the provision for impairment of receivables is as follows:

		Opening Balance	Charge for the year	Amounts Written Off/(write back)	Closing Balance
		$	$	$	$
30 June 2016					
(i)	Trade and other receivables	-	-	-	-
(ii)	Loan receivable	-	337,544	(337,544)	-
		-	337,544	(337,544)	-

NOTE 11: TRADE AND OTHER RECEIVABLES (CONTINUED)

On 26 February 2016, the Company entered into a binding secured loan facility agreement to provide a loan facility to Veriluma of $230,000 (inclusive of $100,000 previously advance drawn down under the original agreement). This agreement superseded and replaced the originals dated 2 February 2016. The loan bears an interest of 7% per annum accrue daily and must be repaid by 30 June 2016.

In determining the recoverability of the loan receivables, the Management considers any change in the credit quality of the loan receivables from the date credit was initially granted up to the end of the reporting period. Management made a full provision of $337,389 for the loan to Veriluma.

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

b. **Provision for impairment of receivables**

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			< 30	31–60	61–90	> 90	
30 June 2016	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Trade receivables	-	-	-	-	-	-	-
Loan receivables	337,544	(337,544)	-	-	-	-	-
Other receivables	268,640	-	-	-	-	-	268,640
Total	606,184	(337,544)	-	-	-	-	268,640
30 June 2015							
Trade receivables	-	-	-	-	-	-	-
Other receivables	162,029	-	-	-	-	-	162,029
Total	162,029	-	-	-	-	-	162,029

NOTE 12: EXPLORATION AND EVALUATION ASSETS	**2016**	**2015**
NON-CURRENT	**$**	**$**
Exploration and evaluation phases – at cost	937,111	1,877,262
Provision for impairment	(937,111)	-
	-	1,877,262

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 12: EXPLORATION AND EVALUATION ASSETS (CONTINUED)		2016	2015
Exploration and evaluation		**$**	**$**
Opening balance		1,877,262	2,546,779
Exploration expenditure		478,342	529,285
Exploration written off		(1,151,697)	(133,744)
Exploration written off on discontinued operations	**26**	-	(782,946)
Impairment of exploration expenditure		(937,111)	(211,762)
Reversal of rehabilitation provision		-	(41,400)
Sale of tenements		(233,522)	-
Re-imbursements from the Department of Mines		(33,274)	(28,950)
Closing balance		-	1,877,262

The Directors' assessment of the carrying amount for the Group's exploration properties was after consideration of prevailing market conditions; previous expenditure for exploration work carried out on the tenements; and the potential for mineralisation based on the Group's independent geological reports.

The ultimate value of these assets is dependent upon recoupment by commercial development or the sale of the whole or part of the Group's interests in these exploration properties for an amount at least equal to the carrying value. There may exist on the Group's exploration properties, areas subject to claim under Native Title or containing sacred sites or sites of significance to Aboriginal people.

As a result, the Group's exploration properties or areas within the tenements may be subject to exploration and mining restrictions.

Subsequent to the acquisition of Veriluma, the new Board had decided to fully impair the Group's carrying value of exploration expenditures. Items written off and impaired during the year are in accordance with the Groups accounting policy 3(d).

NOTE 13: TRADE AND OTHER PAYABLES	2016	2015
CURRENT	**$**	**$**
Trade and other payables	318,850	120,007
Accrued expenses	63,200	38,081
	382,050	158,088

All amounts are short-term. The carrying values of trade and other payables are considered to be a reasonable approximation of fair value.

NOTE 14: ISSUED CAPITAL	2016	2015
	$	**$**
a) Ordinary shares		
120,209,347 (2015: 84,695,706) fully paid ordinary shares	7,573,442	6,365,903

NOTE 14: ISSUED CAPITAL (CONTINUED)

b) Movements in ordinary shares	**Date**	**Number**	**$**
Balance at the beginning of the reporting period	1 July 2014	66,758,331	5,472,269
• Placement	30 September 2014	8,508,000	467,940
• Placement	3 December 2014	9,429,375	518,616
• Capital raising costs		-	(92,922)
Balance at the end of the reporting period	**30 June 2015**	84,695,706	6,365,903
Balance at the beginning of the reporting period	1 July 2015	84,695,706	6,365,903
• Placement	8 December 2015	14,285,715	500,000
• Non-renounceable rights	4 January 2016	16,227,926	570,244
• Non-renounceable rights	2 March 2016	5,000,000	174,993
• Capital raising costs		-	(37,698)
Balance at the end of the reporting period	**30 June 2016**	120,209,347	7,573,442

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has a vote on a show of hands.

Capital risk management

The Directors' objectives when managing capital is to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is to maintain a sufficient current working capital position to meet the requirements of the Group's exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The working capital position of the Group is as follows:

	Note	**2016**	**2015**
		$	**$**
Cash and cash equivalents	**10**	286,015	237,090
Trade and other receivables	**11**	268,640	162,029
Trade and other payables	**13**	(382,050)	(158,088)
Working capital position		172,605	241,031

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 15: RESERVES

a) Option reserve

The option reserve records items recognised as expenses on valuation of employee share options.

b) Foreign currency translation reserve

The foreign currency reserve records exchange differences arising on translation of a foreign controlled subsidiary.

NOTE 16: SHARE BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2016:

i. On 8 August 2014, 1,000,000 options were issued to Brokers for nil consideration exercisable on or before 30 May 2017 at an exercise price of $0.05 per option. These options vested immediately and the related share-based payment of $19,516 was fully recognised as a cost of equity during the year ended 30 June 2015.

ii. On 14 November 2014, 4,500,000 options were issued to Directors for nil consideration. These options have an exercise price of $0.06 and expire on 31 October 2017. These options vested immediately and the related share-based payment of $112,950 was fully recognised to the Profit and Loss during the year ended 30 June 2015.

iii. Options granted to Key Management Personnel are as follow:

Grant Date	Number
15 November 2013	2,750,000
14 November 2014	4,500,000

Further details of these options are provided in the Directors Report. The options hold no voting of dividend rights and are unlisted.

A summary of the movements of all company options issued is as follows:

	Number	Weighted Average Exercise Price
Options outstanding as at 30 June 2014	22,441,667	$0.14
Granted	48,854,509	$0.05
Forfeited	-	-
Exercised	-	-
Expired	(2,000,000)	-
Options outstanding as at 30 June 2015	69,296,176	$0.08
Granted	-	-
Forfeited	-	-
Exercised	-	-
Expired	-	-
Options outstanding as at 30 June 2016	69,296,176	$0.08
Options exercisable as at 30 June 2016	69,296,176	$0.08
Options exercisable as at 30 June 2015	69,296,176	$0.08

No options were exercised during the year.

NOTE 16: SHARE BASED PAYMENTS (CONTINUED)

The weighted average remaining contractual life of options outstanding at year-end was 1.26 years. The exercise price of outstanding share options at the end of the reporting period was $0.08.

The fair value of the options granted to employees is deemed to represent the value of the employee services received over the vesting period.

The weighted average fair value of options granted during the year was $nil (2015: $0.024). These values were calculated using the Black-Scholes option pricing model applying the following inputs:

Weighted average exercise price:	$0.06
Weighted average life of the option:	1.26 years
Expected share price volatility:	129%
Risk-free interest rate:	2.54%

Historical share price volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future volatility.

NOTE 17: CASH FLOW INFORMATION	**2016**	**2015**
a) Reconciliation of cash flow from operating activities with the loss after tax	**$**	**$**
Loss after income tax, including discontinued operations	(3,159,135)	(1,694,143)
Share-based payment expense	-	112,967
Exploration written off or impairment of exploration	2,088,807	1,128,452
Loss on sale of tenements	153,522	-
Impairment of loan receivable	337,544	-
Recycling of foreign exchange through profit and loss	-	78,774
Changes in assets and liabilities		
(Increase)/decrease in receivables	(114,155)	(156,720)
(Increase)/decrease in prepayment	5,908	(4,243)
Increase/(decrease) in payables	228,536	35,958
Cash flow used in operating activities	(458,973)	(498,955)

b) Credit standby facilities

The Company had no credit standby facilities as at 30 June 2016 and 2015.

c) Non-cash financing and investing activities

For the current year ended 30 June 2016:

There was none.

For the year ended 30 June 2015:

On 8 August 2014, 1,000,000 options were issued to Brokers for brokerage services (see Note 16(i)). The options were valued and the treated as a share-based payment of $19,516 this was fully recognised as a cost of equity during the year ended 30 June 2015.

NOTE 18: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Other than transactions with Key Management Personnel and their related entities (refer Note 7); there were no other related party transactions during the year.

NOTE 19: CAPITAL COMMITMENTS	**2016**	**2015**
Capital expenditure commitments contracted for:	**$**	**$**
Exploration tenement minimum expenditure requirements		
Amounts payable:		
- not later than 12 months	359,437	626,820
- between 12 months and 5 years	-	-
- greater than 5 years	-	-
	359,437	626,820

Commitments relate to granted exploration and prospecting tenements. It is not possible to present commitments greater than 12 months as tenements are assessed on an annual basis and are based on the results of exploration during the period. Subsequent to the balance sheet date, the new Directors have decided not to continue with exploration activities.

NOTE 20: FINANCIAL RISK MANAGEMENT

Overview

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, and accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for Group operations. The Group does not speculate in the trading of derivative instruments.

A summary of the Group's financial assets and liabilities is shown below.

30 June 2016	**Floating Interest Rate**	**Non-interest bearing**	**Total**
	$	**$**	**$**
Financial assets			
Maturity within one year			
Cash and cash equivalents	286,015	-	286,015
Trade and other receivables	-	268,640	268,640
Total financial assets	286,015	268,640	554,655
Weighted average interest rate – cash assets	4.75%		
Financial liabilities at amortised cost			
Trade and other payables	-	382,050	382,050
Total financial liabilities	-	382,050	382,050
Net financial assets/(financial liabilities)	623,404	(113,256)	510,148

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 20: FINANCIAL RISK MANAGEMENT (CONTINUED)

30 June 2015	Floating Interest Rate	Non-interest bearing	Total
	$	$	$
Financial assets			
Maturity within one year			
Cash and cash equivalents	237,090	-	237,090
Trade and other receivables	-	162,029	162,029
Total financial assets	237,090	162,029	399,119
Weighted average interest rate – cash assets	1.93%		
Financial liabilities at amortised cost			
Trade and other payables	-	158,088	158,088
Total financial liabilities	-	158,088	158,088
Net financial assets	237,090	3,941	241,031

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate, foreign currency risk and equity price risk.

a) Credit risk

Credit risk exposures

Credit exposure represents the extent of credit related losses that the Group may be subject to on amounts to be received from financial assets. Credit risk arises principally from trade and other receivables including related party loans. The objective of the Group is to minimise the risk of loss from credit risk. Although revenue from operations is minimal, the Group trades only with creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is insignificant. The Company's maximum credit risk exposure is limited to the carrying value of its financial assets as indicated on the Consolidated Statement of Financial Position.

Trade and other receivables are expected to be settled within 30 days.

Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with the approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	Note	2016 $	2015 $
Cash and cash equivalents			
- AA Rated	10	286,015	237,090

b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

NOTE 20: FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the Consolidated Statement of Financial Position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

c) Market risk

The Board meets on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is managed by closely monitoring the interest rates at various financial institutions. The Company has no debt and as such the interest rate risk is limited to the Company's investments in term deposits and other interest bearing investments.

Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	**Equity**
Year ended 30 June 2016	**$**	**$**
+/-1% in interest rates	+/- 2,615	+/- 2,615
Period ended 30 June 2015		
+/-1% in interest rates	+/- 4,060	+/- 4,060

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the Consolidated Statement of Financial Position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Other assets and other liabilities approximate their carrying value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 20: FINANCIAL RISK MANAGEMENT (CONTINUED)

Aggregate fair values and carrying amounts of financial assets and financial liabilities at reporting date:

	2016 Carrying Amount $	2016 Fair Value $	2015 Carrying Amount $	2015 Fair Value $
Financial assets				
Cash and cash equivalents	286,015	286,015	237,090	237,090
Trade and other receivables	268,640	268,640	162,029	162,029
Total financial assets	554,655	554,655	399,119	399,119
Financial liabilities at amortised cost				
Trade and other payables	382,050	382,050	158,088	158,088
Total financial liabilities	382,050	382,050	158,088	158,088

Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term in nature whose carrying value is equivalent to fair value.

NOTE 21: PARENT ENTITY DISCLOSURES

	2016 $	2015 $
Statement of financial position		
Current assets	557,135	406,988
Total assets	557,135	1,828,809
Current liabilities	347,033	128,587
Total liabilities	347,033	128,587
Net assets	**210,102**	**1,700,222**
Issued capital	7,573,442	6,365,903
Option Reserve	435,569	435,569
Accumulated losses	(7,798,909)	(5,101,250)
Total equity	**210,102**	**1,700,222**
Statement of profit or loss and other comprehensive income		
Loss for the year	(2,697,659)	(2,042,290)
Other comprehensive income	-	-
Total comprehensive income	(2,697,659)	(2,042,290)

The Parent Entity has granted exploration and prospecting commitments at 30 June 2016 of $ nil (2015: $91,000). Refer to Note 19.

NOTE 22: INTERESTS IN SUBSIDIARIES

Controlled entity	Country of Incorporation	Class of Shares	Percentage Owned 30 June 2016	Percentage Owned 30 June 2015
Toro Mining Pty Ltd	Australia	Ordinary	100%	100%
Sentosa Mining (Philippines) Inc.	The Republic of the Philippines	Ordinary	100%	100%
St Nicholas Mines Pty Ltd	Australia	Ordinary	100%	100%
Niquaero LLC	Mongolia	Ordinary	100%	100%

NOTE 23: CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 30 June 2016.

NOTE 24: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The information presented in the financial report is the same information that is reviewed by the Directors. The Group impaired all exploration and evaluation expenditure capitalised within its Mongolian Exploration segment after relinquishing all rights to tenement licenses in 2015.

The Group is currently operative in Australia (predominately corporate and Exploration Related) (2015: Australia and Mongolia).

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group**.**

Inter-segment transactions

Inter-segment loans payable and receivable are initially recognised at the consideration received or to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 24: OPERATING SEGMENTS (CONTINUED)

Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Income tax expense
- Deferred tax assets and liabilities
- Depreciation expense

	Australian Exploration $	Mongolian Exploration (Discontinued Operations) $	Reconciling $	Total $
30 June 2016				
REVENUE				
Interest revenue	-	-	12,434	12,434
Total segment revenue	-	-	12,434	12,434
Reconciliation to net loss:	(1,893,902)	-	(1,265,233)	(3,159,135)
Loss before income tax				(3,159,135)
As at 30 June 2016				
Segment assets	-	-	557,598	557,598
Segment liabilities	238,869	-	143,181	382,050
30 June 2015				
REVENUE				
Interest revenue	-	-	7,818	7,818
Total segment revenue	-	-	7,818	7,818
Reconciliation to net loss:	(274,499)	(876,920)	(429,757)	(1,581,176)
Share based payment expense				(112,967)
Loss before income tax				(1,694,143)
As at 30 June 2015				
Segment assets	1,877,264	-	407,968	2,285,232
Segment liabilities	42,590	-	115,498	158,088

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 25: DISCONTINUED OPERATIONS

At the end of 2015, management decided to discontinue its exploration activity in Mongolia. Consequently, all tenements were relinquished and the related assets were impaired. Revenue and expenses relating to the discontinuation of the subsidiaries performing operations in Mongolia, St. Nicholas Mines Pty Ltd and Niquaero LLC, have been eliminated from the profit or loss from the Group's continuing operations and are shown as a single line item on the face of the statement of profit or loss and other comprehensive income (see loss for the year from discontinued operations).

Operating profit of the St. Nicholas Mines Pty Ltd and Niquaero LLC subsidiaries until the date of disposal is summarised as follows:

	2016 $	2015 $
Interest revenue	-	-
Other income	-	-
Recycling of FCTR via profit and loss	-	(78,774)
Accounting fees	-	(4,290)
Exploration expenditure written off	-	(782,946)
Other administration expenses	-	(10,910)
Loss for the year from discontinued operations	-	(876,920)

The carrying amounts of assets and liabilities in the disposal group are summarised as follows:

	2016 $	2015 $
NON-CURRENT ASSETS		
Exploration and evaluation expenditure	-	-
Assets classified as held for sale		-

Cash flows expended by the St. Nicholas Pty Ltd and Niquaero LLC subsidiaries are as follows:

	2016 $	2015 $
Operating activities	-	15,200
Investing activities	-	-
Cash flows from discontinued operations	-	15,200

Cash flows from investing activities relate solely to exploration and evaluation expenditures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 26: EVENTS SUBSEQUENT TO REPORTING DATE

On 12 July 2016, the Company was suspended from the Official List of the ASX.

On 13 July 2016, the shareholders approved the following resolutions:

i. to make significant change in the nature and scale of its activities to a development of software Company
ii. to issue up to maximum of 50,000,000 shares (Capital Raising Shares), at an issue price of $0.07 each to raise $3,500,000
iii. to issue 162,857,400 Shares and 40,000,000 performance shares to the shareholders of Veriluma Pty Ltd in consideration for the acquisition of all of the issued capital of Veriluma Pty Ltd
iv. to issue 3,665,883 Shares to K S Capital Pty Ltd as the Lead Manager of the Company
v. to issue 13,800,000 Shares to InSync Equity Services Pty Ltd as the Corporate Advisor of Veriluma.
vi. to issue 5,714,286 shares to Mr Nigel Gellard (or his nominee) for consulting fees due and payable to him
vii. to issue 500,000 options to Mr Jay Stephenson
viii. to issue 500,000 options to Mr Peter Ellery
ix. to issue 2,857,143 Shares to SJSM Pty Ltd as payment of outstanding loans which are owed by Veriluma Pty Ltd to SJSM Pty Ltd
x. the name of the Company to be changed from "Parmelia Resources Limited" to "Veriluma Limited" with effect from the date ASIC alters the Company's registration.
xi. with effect from Completion of the Acquisition, Mr Richard Anstey is elected as a Director.
xii. with effect from Completion of the Acquisition, Ms Elizabeth Whitelock is elected as a Director.
xiii. with effect from Completion of the Acquisition, the maximum remuneration to be paid to the non-executive Directors in aggregate for acting as non-executive Directors is increased by $150,000 per annum to a maximum of $400,000 per annum.
xiv. modification of Company's constitution.

On 29 July 2016, the Company issued the prospectus seek to raise $3,500,000 through the issue of 50,000,000 fully paid ordinary shares in the capital of the Company at $0.07 per share.

On 8 August 2016, the Company issued 5,714,286 ordinary shares in satisfaction for outstanding consulting fees due to Mr Gellard and 1,000,000 options to Mr Stephenson and Mr Ellery which exercisable at 10.93 cents on or before 13 July 2016.

On 30 August 2016, the Company confirmed the oversubscriptions of the Prospectus offer to raise $3.5 million at an issue price of $0.07.

On 8 September 2016, the Company completed the acquisition of Veriluma and appointed Mr Richard Anstey as Non-Executive Chairman and Ms Elizabeth Whitelock as Managing Director and Chief Executive Officer of the Company. At the same time, Mr Peter Ellery and Mr Jay Stephenson resigned as Directors.

On 8 September 2016, the following equities were issued for the consideration of acquisition of Veriluma Pty Ltd:

i. 50,000,000 ordinary shares were issued pursuant to prospectus.
ii. 162,851,400 ordinary shares and 40,000,000 performance shares as consideration for the acquisition of Veriluma Pty Ltd.
iii. 3,665,883 ordinary shares for the payment of outstanding loans which are owed by Veriluma Ptty Ltd To SJSM Pty Ltd.
iv. 13,800,000 ordinary shares to Corporate Advisor and Lead Manager.

At the time the financial statements were authorised for issue, the Group had not yet completed the acquisition accounting for the 100% interest of Veriluma Pty Ltd. In particular the fair values of the assets and liabilities have not been finalised. It is also not yet possible to provide detailed information about each class of acquired assets and liabilities of the acquired entities

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 30 to 59, are in accordance with the *Corporations Act 2001* and:
   (a) comply with Accounting Standards; and
   (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 2(a) to the financial statements; and
   (c) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the period ended on that date of the Group;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
   (a) the financial records of the Company for the financial period have been properly maintained in accordance with s 286 of the *Corporations Act 2001*;
   (b) the financial statements and notes for the financial period comply with the Accounting Standards; and
   (c) the financial statements and notes for the financial period give a true and fair view;
3. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Nigel Gellard
Non-executive Director
30 September 2016

Level 1
10 Kings Park Road
West Perth WA 6005

Correspondence to:
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report
To the Members of Veriluma Limited (formerly Parmelia Resources Limited)

Report on the financial report

We have audited the accompanying financial report of Veriluma Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled (the "Group") at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion
In our opinion:

a the financial report of Veriluma Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report
We have audited the remuneration report included in pages 20 to 24 of the directors' report for the year ended 30 June 2016. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Veriluma Limited for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner – Audit & Assurance

Perth, 30 September 2016

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only.

1 Shareholding as at 28 September 2016

(a) Distribution of Shareholders

Category (size of holding)	Number of Shareholders
1 – 1,000	13
1,001 – 5,000	10
5,001 – 10,000	74
10,001 – 100,000	284
100,001 – and over	344
	725

(b) The number of shareholdings held in less than marketable parcels is 23.

(c) Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

(d) 20 Largest Shareholders — Ordinary Shares as at 28 September 2016

Name		Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	Ms Elizabeth Whitelock	45,156,000	12.57
2.	Maneki Pty Ltd	32,835,900	9.14
3.	Corby Investments <The Anstey Family A/C>	26,308,100	7.33
4.	Corby Investments Pty LTd <Anstey Super Fund A/C>	25,000,000	6.96
5.	Hammond PSF Pty Ltd	18,000,000	5.01
6.	Gellard Enterprises Pty Ltd	7,258,730	2.02
7.	Jay-V Inc	5,000,000	1.39
8.	Mr Russell Neil Creagh	4,777,499	1.33
9.	Sea of Silver Pty Ltd	4,396,961	1.22
10.	Everest Minerals Limited	4,000,000	1.11
11.	Anna Carina Pty Ltd <Anna Carina Family A/C>	3,565,883	0.99
12.	Mr Sean Muffet	3,530,000	0.98
13.	Mr Andrew Murray Gregor	3,309,251	0.92
14.	La Molina Pty Ltd <Stefanowicz Super Fund A/C>	2,857,143	0.80
15.	Retzos Executive Pty Ltd <Retzos Executive S/Fund A/C>	2,857,142	0.80
16.	Mr Darren Robert Downs	2,389,739	0.67
17.	Mersound Pty Ltd	2,350,000	0.65
18.	Mr Paul James Madden	2,180,520	0.61
19.	Mr Sean Muffett	2,164,300	0.60
20.	Shara Sundell	2,142,857	0.60
		200,080,025	55.72

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

2 The name of the Company Secretary is Jay Richard Stephenson.

3 The address of the principal registered office in Australia is Suite 12, Level 1, 11 Ventnor Avenue, West Perth WA 6005. Telephone (08) 6141 3500.

4 **Registers of securities are held at the following addresses**

Computershare Investor Services Limited
Level 11, 172 St Georges Terrace
Perth WA Western Australia 6000

5 **Securities Exchange Listing**

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited.

6 **Unquoted Securities**

170,480,169 Shares escrowed for 24 months from 27 September 2016
7,172,857 Shares escrowed until 21 December 2016
6,428,700 Shares escrowed until 15 December 2016
2,500,000 Shares escrowed until 1 March 2017
2,857,143 Shares escrowed until 29 August 2017
1,000,000 Options exercise price of 10.93 cents, expiring 8 September 2019
10,000,000 Class A Performance Shares
15,000,000 Class B Performance Shares
15,000,000 Class C Performance Shares
9,979,125 Options , exercise price of 5 cents, expiring 30 May 2017
4,500,000 Options, exercise price of 6.5 cents, expiring 31 October 2016
15,941,667 Options, exercise price of 15 cents, expiring 15 November 2016
4,500,000 Options, exercise price of 6.4 cents, expiring 31 October 2017

7 **Use of Funds**

The Company has used its funds in accordance with its initial business objectives.

TENEMENT SCHEDULE

Project Area	Tenement Numbers
Jaurdi Hills (90% Toro Mining Pty Ltd, 10% JH Mining Pty Ltd)	M16/0035,M16/0113,M16/0114,M16/0193,M16/0194,M16/0201,M16/0203,M16/0204,M16/0205,M16/0254 M16/0255,M16/0301,M16/0365,M16/0425,M16/0462,P16/2444,P16/2460,P16/2627,P16/2673,P16/2674