

21 February 2018

**Australian Securities Exchange
ANNOUNCEMENT**

**RE: VERILUMA LIMITED (ASX:VRI)
(ADMINISTRATORS APPOINTED)
A.B.N.: 48 142 901 353
(THE "COMPANY")**

As you are aware, we, Amanda Young and Sule Arnautovic of Jirsch Sutherland, were appointed as replacement Joint & Several Administrators of the Company on 15 December 2017. Our appointment was made pursuant to section 447A of the Corporations Act 2001.

Subsequent to our update to creditors dated 15 February 2018 that was published on the ASX on 21 February 2018, we received an amended DOCA/Creditors' Trust proposal from Canary Capital Pty Ltd ("Canary Capital") on 19 February 2018.

The amended DOCA/Creditors' Trust proposal is attached for your information.

We confirm that at a meeting of the creditors of the Company, held on 19 February 2018, creditors of the Company resolved to accept Canary Capital's DOCA/Creditors' Trust proposal. Transaction documents are currently being prepared to give effect to the proposal of Canary Capital.

Should you require any further information, please do not hesitate to contact Ms Kathryn Gesilva of this office.

Yours faithfully,
VERILUMA LIMITED



AMANDA YOUNG
Joint & Several Administrator

DEED PROPOSAL OF CANARY CAPITAL PTY LIMITED

1. The Deed Proponent will be Canary Capital Pty Limited, or its nominee (**Proponent**), with respect to a joint Deed of Company Arrangement (**DOCA**) to be entered into by Veriluma Limited (Administrators Appointed)(**Company**) and Veriluma Software Pty Limited (Administrators Appointed) (**Veriluma Software**).
2. The Proponent will provide a payment in cash to the creditors pool of \$560,000 (**Creditor Payment**).
3. Mr Sule Arnautovic and Ms Amanda Young of Jirsch Sutherland be appointed as joint and several Deed Administrators of the Company and Veriluma Software.
4. The Creditor Payment will be obtained from a capital raising in which 366,666,677 shares in the Company will be issued at not less than \$0.003 to raise \$1,100,000 (**Capital Raising**).
5. The proposed capital structure and reconstruction may be varied at the Proponents discretion, subject to shareholder approval.
6. Messrs Anstey and Hammond will be removed as directors of the Company, and Mr Anstey removed as a director of Veriluma Software, with Mr John Welsh and Mr Arunava Sengupta appointed in their stead as directors of both entities, either in accordance with s442A of the *Corporations Act 2001* (Cth) (**Corporations Act**), or otherwise pursuant to the terms of the DOCA.
7. Immediately upon approval of the DOCA by creditors control of the Company and Veriluma Software will revert to the directors as reconstituted in accordance with clause 6 above.
8. The Deed Administrators will have all powers set out in paragraph 2 of Schedule 8A of the *Corporations Regulations 2001* (Cth) to the extent necessary to fulfil their responsibilities and exercise their powers under the DOCA and the Creditors Trust.
9. The Creditor Payment will be made available to the Deed Administrators within five business days of satisfaction of the following conditions:
 - a. all secured creditors releasing their security over the Company and Veriluma Software and their respective assets, or their security interest being removed from the Personal Property Securities Register by Court order;
 - b. shareholder approval being obtained for the Capital Raising;
 - c. the Company's and Veriluma Software's directors being removed and replaced in accordance with clause 6 above; and
 - d. a Creditors Trust being established in accordance with clause 10 below.
10. Immediately upon shareholder approval being obtained, the Deed will terminate having achieved its purpose and a Creditors Trust established to hold the Creditor Payment for the benefit of the creditors of the Company and Veriluma Software (**Creditors Trust**).
11. Upon completion in accordance with clause 10 above, the Creditor Payment will be transferred by the Deed Administrators to the Creditors Trust.
12. Mr Sule Arnautovic and Ms Amanda Young will be appointed trustees of the Creditors Trust.

13. All persons having a claim against both the Company and Veriluma Software will become beneficiaries under the Creditors Trust subject to the terms of the Creditors Trust Deed and accept the benefits under the Creditors Trust Deed in *lieu* of any benefits under the DOCA.
14. Distribution of the Creditor Payment from the Creditors Trust will be made by the Trustees in accordance with the priorities which arise from section 556 of the Corporations Act.
15. All intercompany debt between the Company and Veriluma Software will be extinguished in its entirety and the Company and Veriluma Software will not participate in the distribution of any part of the Creditor Payment.
16. Subject to clause 17 below, all assets of the Company and Veriluma Software other than the Creditor Payment will remain with them and be excluded from the DOCA and the Creditors Trust.
17. Upon realisation of the Deferred Consideration under the Share Sale Agreement between the company and Toro Mining Pty Limited, the Company will pay \$300,000 to the Creditors Trust for the benefit of the creditors of the Company and Veriluma Software.
18. The Company and Veriluma Software will make offers of employment on terms to be agreed to the following employees:
 - a. in the case of the Company to Ms Elizabeth Whitelock; and
 - b. in the case of Veriluma Software to Mr Thomas Vacca, Mr Christopher Corless and Mr Glenn Toscan. (**Continuing Employees**)
19. The employee entitlements of the Continuing Employees accrued up to the date of the DOCA's commencement will be assumed by the Company and Veriluma Software respectively.
20. All employees of the Company and Veriluma Software other than the Continuing Employees will be terminated.
21. The Proponent will:
 - a. prepare first drafts of the DOCA and Creditors Trust Deed;
 - b. prepare the required shareholder meeting materials prior to dispatch to the shareholders of the Company;
 - c. bear its own costs in relation to the preparation of the above documents; and
 - d. pay all ASX fees payable by the Company,

which sums shall be reimbursed by the Company in the event that the proposals are approved and the Company is subsequently reinstated to trading on the ASX.

22. Upon being reinstated to trading on the ASX the Company will, subject to having sufficient funds to do so, reimburse all amounts advanced by Ms Elizabeth Whitelock and others towards payment of legal fees in relation to Supreme Court of NSW Proceedings No. 2017/372208 and related matters.
23. With respect to monies advanced for ongoing working capital requirements of the Company and Veriluma Software the following amounts advanced to the Administrators for the purpose of ongoing trading liabilities, be repaid from the Capital Raising (which for the avoidance of doubt will not be made from the Creditor Payment):
 - a. Insync Equity Services Pty Limited - \$20,000;
 - b. Durak Investment Corporation Pty Limited - \$20,000;
 - c. Nottle Nominees Pty Limited - \$10,000,

plus any other amounts advanced for the purpose of paying the Company's ongoing trading liabilities.

24. The Proponent will procure payments of an additional \$50,000 in addition to the \$50,000 referred to in paragraph 23 for the purposes of satisfying the Company's ongoing trading liabilities whilst it remains in administration. To the extent those monies are not required to be applied towards those trading liabilities they may be applied in reduction of the Administrators' fees and expenses.
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