VERILUMA

Appendix 4E (Rule 4.3A)

Preliminary Final Report

VERILUMA LIMITED (ASX: VRI) – ABN: 48 142 901 353

1. Reporting period – year ended 30 June 2018

Previous corresponding period – year ended 30 June 2017

2. Results for announcement to the market

	2018 A$'000	% change
2.1 Revenue from continuing operations	15	-90%
2.2 Loss after income tax expense	(1,537)	-89%
2.3 Total comprehensive loss for the period attributable to me members of the Company	(1,537)	-89%

2.4 Dividend and distribution information

Current period

No final dividends were declared for the period ending 30 June 2018.

For the period ended 31 December 2017, no interim dividend was declared.

Previous corresponding period

No final dividends were declared for the period ending 30 June 2017.

For the period ended 31 December 2016, no interim dividend was declared

2.5 Record date for determining entitlements to dividends:

N/A

2.6 Brief explanation of figures 2.1 to 2.3 (if necessary):

Voluntary Administration

During the year, the directors believed that it was likely that the Company may at some point in the future, not be able to meet all financial commitments as and when they fell due, which resulted in an administrator being appointed to the company and its subsidiary Veriluma Software Pty Ltd on 15th November 2017.

Deed of Company Arrangement (DOCA)

On the 19th February 2018 the creditors of the Group voted in favour of the Company and its subsidiary entering into a Deed of Company Arrangement (DOCA) to enable the recapitalisation of the Group and establishment of a Creditors Trust.

On the 12th March 2018 the Company and its subsidiary entered into the Deed of Company Arrangement with Mr Sule Arnautovic and Ms Amanda Young of Jirsch Sutherland as Deed Administrators and Canary Capital Pty Ltd (Canary) as the Proponent, the DOCA was effectuated on the 28th June 2018.

3. Consolidated Statement of Comprehensive Income

	Note	2018 $	2017 $ * Restated
Revenue	3	**14,635**	146,266
Other income	3	**202,114**	441,682
Creditor relief	4	**452,949**	-
Audit fees		**(88,938)**	(55,375)
Consulting and professional fees		**(569,353)**	(826,306)
Employee costs		**(635,397)**	(753,141)
Non-Executive Directors' Fees		**(75,823)**	(87,156)
Marketing and public relations expense		**(81,313)**	(226,116)
Reverse acquisition costs	12	-	(12,560,500)
Share registry and listing fees		**(25,463)**	(65,225)
Other expenses		**(310,687)**	(307,708)
Finance costs		**(2,508)**	(11,266)
Voluntary administration expense	5	**(875,933)**	-
Share based payments expense - directors' fees	18	**(6,027)**	-
Share of net profits of equity-accounted associates and joint ventures		**158**	1,663
Profit (loss) before income tax		**(2,001,586)**	(14,303,182)
Income tax expense	7	-	-
Profit (loss) from continuing operations		**(2,001,586)**	(14,303,182)
Discontinued operation			
Profit (loss) from discontinued operation, net of tax	6	**464,117**	(120,902)
Loss for the year		**(1,537,469)**	(14,424,084)
Other comprehensive income / (loss)		-	-
Total comprehensive income / (loss), for the year		**(1,537,469)**	(14,424,084)
Total comprehensive loss for the year			
Loss attributable to:			
Members of the parent entity		**(1,537,469)**	(14,424,084)

***Restated – see item 10.**

VERILUMA

4. Consolidated statement of Financial Position

	2018 $	2017 $
Current assets		
Cash and cash equivalents	**473,855**	362,273
Trade and other receivables	**313,381**	514,072
Other assets	**-**	42,661
Total current assets	**787,236**	919,006
Non-current assets		
Other assets	**-**	12,684
Investment in associates	**1,821**	1,663
Property, plant and equipment	**240**	7,002
Total non-current assets	**2,061**	21,349
Total assets	**789,297**	940,355
Current liabilities		
Trade and other payables	**376,723**	387,244
Borrowings	**317,663**	-
Employee benefits	**148,360**	161,625
Provisions	**87,500**	-
Total current liabilities	**930,246**	548,869
Non-current liabilities		
Employee benefits	**6,441**	50,314
Total non-current liabilities	**6,441**	50,314
Total liabilities	**936,687**	**599,183**
Net assets / (liabilities)	**(147,389)**	341,172
Equity		
Issued capital	**15,410,653**	14,361,745
Reserves	**25,400**	150,950
Retained losses	**(15,583,442)**	(14,171,523)
Total equity / (deficiency) attributable to members of the Company	**(147,389)**	341,172
Total equity / (deficiency)	**(147,389)**	341,172

5. Consolidated Statement of Cashflows

	2018	2017
	$	$
Cash flows from operating activities:		
Receipts from customers	**8,951**	146,266
Payments to suppliers and employees	**(2,070,303)**	(2,675,026)
Interest received	**494**	1,442
Interest paid	**(2,786)**	(12,708)
Receipt from grants	**401,682**	247,783
Net cash provided by / (used in) operating activities	**(1,661,962)**	(2,292,243)
Cash flows from investing activities:		
Disposal of discontinued operation	**410,000**	50,000
Purchase of property, plant and equipment	**(3,026)**	(787)
Net cash provided by / (used in) investing activities	**406,974**	49,213
Cash flows from financing activities		
Proceeds from issue of shares	**1,048,908**	1,370
Repayment of related party and shareholder loans	**-**	(662,281)
Advances to associates	**-**	(89,593)
Proceeds from related party borrowings	**317,662**	-
Bank guarantee	**-**	(12,684)
Net cash provided by / (used in) financing activities	**1,366,570**	(763,188)
Net increase / (decrease) in cash and cash equivalents held	**111,582**	(3,006,218)
Cash and cash equivalents at the beginning of the year	**362,273**	17,522
Cash acquired	**-**	3,350,969
Cash and cash equivalents at end of financial year	**473,855**	362,273

Reconciliation for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2018 **$**	2017 $
Net Loss	**(1,537,469)**	(14,424,084)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit / (loss)		
- depreciation and amortisation	**1,468**	2,660
- impairment of related party loans	**10,259**	134,557
- impairment of trade and other receivables	**61,017**	-
- listing expense on acquisition of PML	**-**	12,371,376
- creditor relief	**(452,949)**	-
Share of net profits of equity accounted associates and joint ventures	**(158)**	(1,663)
Changes in assets and liabilities:		
- (increase) / decrease in trade and other receivables	**218,185**	(212,485)
- (increase) / decrease in non-current and other assets	**12,683**	(12,234)
- (increase) / decrease in prepayments	**42,661**	(40,710)
- increase / (decrease) in trade and other payables	**39,479**	(161,991)
- increase / (decrease) in employee benefits	**(57,138)**	52,331
Cashflows from operations	**(1,661,962)**	**(2,292,243)**

6. Consolidated Statement of Changes in Equity

2018	Ordinary Shares $	Retained Earnings $	Option Reserve $	Total $
Balance at 1 July 2017	14,361,745	(14,171,523)	150,950	341,172
Loss for the year	-	(1,537,469)	-	(1,537,469)
Transactions with owners in their capacity as owners				
Issue of shares	1,048,908	-	-	1,048,908
Lapsed options	-	125,550	(125,550)	-
Balance at 30 June 2018	**15,410,653**	**(15,583,442)**	**25,400**	**(147,389)**

2017	Ordinary Shares $	Retained Earnings $	Option Reserve $	Total $
Balance at 1 July 2016	423,109	(1,808,536)	-	(1,385,427)
Loss for the year	-	(14,424,084)	-	(14,424,084)
Transactions with owners in their capacity as owners				
Share based payment - settlement of liability	200,000	-	-	200,000
Share based payment - acquisition of PML	13,737,266	-	2,212,047	15,949,313
Issue of shares on exercise of options	1,370	-	-	1,370
Lapsed options	-	2,061,097	(2,061,097)	-
Balance at 30 June 2017	**14,361,745**	**(14,171,523)**	**150,950**	**341,172**

7. Dividends

N/A

8. Dividend reinvestment plan

N/A

9. Net tangible asset per ordinary share

	30-Jun-18 $	30-Jun-17 $
Net tangible asset backing per ordinary share	(0.0002)	0.0009

10. Details of entities over which control has been gained or lost

On 24 July 2017, the Group finalised the sale of its wholly owned subsidiary, Toro Mining Pty Ltd. This occurred due to a strategic decision to divest the exploration and evaluation permits held by the Group to focus on the product development, marketing and commercialisation of software, products and services in Australia.

The subsidiary was not classified as a discontinued operation as at 30 June 2017 and the comparative Consolidated Statement of Profit or Loss and Other Comprehensive Income has been re-presented to show the discontinued operation separately from continuing operations.

	2018	2017
	$	$
Result of discontinued operations		
Expenses	**(34,464)**	(120,902)
Results from operating activities	**(34,464)**	(120,902)
Income tax expense	**-**	-
Results from operating activities, net of income tax	**(34,464)**	(120,902)
Gain on sale of discontinued operation	**498,581**	-
Gain / (loss) for the year	**464,117**	(120,902)
Basic and diluted loss per share (cents)	**0.128**	(0.038)
Cash flows from (used in) discontinued operation		
Net cash used in operating activities	**(34,464)**	(120,902)
Net cash from investing activities	**410,000**	50,000
Cash flows from discontinued operations	**375,536**	(70,902)

11. Details of associates and joint venture entities

Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2018	Percentage Owned (%)* 2017
Subsidiaries:			
Toro Mining Pty Ltd	Australia	0	100
Veriluma Software Pty Ltd	Australia	100	100
St Nicholas Mines Pty Ltd	Australia	100	100
Niquaero LLC	Mongolia	100	100

12. Any other significant information

On the 19th February 2018 the creditors of the Group voted in favour of the Company and its subsidiary entering into a Deed of Company Arrangement (DOCA) to enable the recapitalisation of the Group and establishment of a Creditors Trust.

On the 12th March 2018 the Company and its subsidiary entered into the Deed of Company Arrangement with Mr Sule Arnautovic and Ms Amanda Young of Jirsch Sutherland as Deed Administrators and Canary Capital Pty Ltd (Canary) as the Proponent, the DOCA was effectuated on the 28th June 2018. The key features of the DOCA were as follows:

- Extinguish certain pre-administration liabilities of the Company and its subsidiary excluding employee entitlements for continuing employees
- All secured creditors to release Personal Property Securities Register (PPSR) registered securities
- Establishment of a Creditors Trust
- Capital raising through the issue of 366,666,667 shares in the Company at $0.003 per share to the threshold amount of $1,100,000
- Offers of employment to continuing employees, the Group assuming the employee entitlements of the continuing employees
- Transfer of $560,000 into the Creditors Trust
- Any deferred consideration received from the sale of Toro Mining Pty Ltd to Ausgold Resources Pty Ltd capped at $300,000 becomes property of the Creditors Trust
- Upon reinstatement to the ASX reimburse Canary Capital Pty Ltd for all costs in respect of the DOCA, including $100,000 contributed to the fund the Groups trading liabilities during the administration period
- Upon reinstatement to the ASX reimburse Ms Elizabeth Whitelock $90,079 for legal fees in relation to the Supreme Court of New South Wales proceedings

With control of the Company returned to the Directors on 28 June 2018, the focus of the Group was primarily in responding to the Government Request for Proposal for software and services. Securing a Government contract would provide a firm foundation on which to build the Group. The Directors are still committed to securing partnerships as well as customers in the corporate sector.

13. Accounting Standards

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001.*

14. Results for the period

14.1 Earnings per security

Weighted-average number of ordinary shares at 30 June	362,005,184	322,007,252
Basic / diluted loss per share (cents)	(0.42)	(4.48)
Basic / diluted loss per share (cents) – continuing operations	(0.55)	(4.44)

14.2 Returns to Shareholders

N/A

14.3 Significant features of operating performance

Highlights

- The year ended 30 June 2018 for Veriluma Limited (the Company) and its controlled entities (the Group) saw the Company and its subsidiary Veriluma Software Pty Ltd enter voluntary administration effective 15 November 2017. Subsequently a Deed of Company Arrangement (DOCA) was executed on 12 March 2018 and effectuated on 28 June 2018, resulting in the end of the administration and control of the Company and its subsidiary Veriluma Software Pty Ltd reverting to the Directors.
- During the financial year, the Group delivered final reports in relation to a Proof of Concept for the Vice Chief of Defence, CSIRO and other Commonwealth agencies where climate change, and its effect on governance, are monitored for early action and intervention to prevent catastrophic consequences.
- Successful completion of a Proof of Concept for Gilbert and Tobin an Australian corporate law firm who wished to provide early advice to their clients in multifaceted cases.
- The Group delivered a Proof of Concept to Tassal a Tasmanian salmon farming company who wished to forecast workplace safety incidents and recommend prescriptive courses of action to minimise their occurrence.
- The Company completed the sale to Aus-gold of the West Australian Jaurdi Hills tenements acquired as part of the reverse takeover of Parmelia Resources in September 2016.

14.4 Segment results

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 has identified it only operates in one business segment, being the product development, marketing and commercialisation of software, products and services in Australia. As all significant assets and liabilities and the financial result relates to the one business segment, no detailed segment analysis has been performed. No seasonality in the business segment has been identified that would have a significant impact on the interim results of the Group.

14.5 Trends in performance

With control of the Company returned to the Directors on 28 June 2018, the focus of the Group was primarily in responding to the Government Request for Proposal for software and services.

14.6 Any other factors which have affected the results in the period which are likely to affect the result in the future, including those where the effect could not be quantified:

N/A

15. This report is based on accounts to which one of the following applies:

The accounts have been audited.

16. Independent audit report - material uncertainty related to going concern – emphasis of matter

We draw attention to Note 1, “Going Concern” in the financial report. The conditions disclosed in Note 1, indicate a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.
In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group’s assessment of going concern. Our approach to this involved:

- Evaluating the feasibility, quantum and timing of the Group’s plans to raise additional shareholder funds to address going concern;
- Assessing the Group’s cash flow forecasts for incorporation of the Group’s operations and plans to address going concern, in particular in light of the recent history of loss making operations;
- Determining the completeness of the Group’s going concern disclosures for the principal matters casting significant doubt on the Group’s ability to continue as a going concern, the Group’s plans to address these matters, and the material uncertainty.

Signed

E.A.Whitelock

Elizabeth Whitelock

Company Director

15th May 2019

VERILUMA LIMITED

AND ITS CONTROLLED ENTITIES

ABN 48 142 901 353

FINANCIAL REPORT

30 JUNE 2018

CONTENTS

VERILUMA LIMITED
and its controlled entities

CORPORATE DIRECTORY

Directors

Steven Formica	Non-Executive Director
Arun Sengupta	Non-Executive Director
Elizabeth Whitelock	Managing Director and Chief Executive Officer
John Welsh	Non-Executive Chairman

Company Secretary
Patrick Raper

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Facsimile +617 5577 7444
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Share Registry
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Facsimile +61 8 9323 2033
Email: web.queries@computershare.com.au

Home Exchange
Australian Stock Exchange (Sydney) Limited
20 Bridge Street
Sydney, New South Wales, 2000

CORPORATE GOVERNANCE STATEMENT

The Board is committed to maintaining the highest standards of Corporate Governance. Corporate Governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders. The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2018 corporate governance statement is dated as at 15 May 2019 and reflects the corporate governance practices throughout the 2018 financial year. The 2018 corporate governance statement was approved by the board on 15 May 2019. A description of the Company's current corporate governance practices is set out in the Company's corporate governance statement which can be viewed at www.veriluma.com.

DIRECTORS' REPORT

The Directors present their report, together with the consolidated financial statements of the Group, being Veriluma Limited (the Company) and its controlled entities, for the financial year ended 30 June 2018.

Directors

The names and particulars of the Directors of the Company at any time during or since the end of the financial year are:

John Welsh – Non-Executive Chairman
Graduate of the Australian Institute of Company Directors (AICD)
Director and Chairman since 12 March 2018
Appointed Director 27 July 2017 and resigned on 15 September 2017

Mr Welsh has extensive operational and investment banking experience. As a Board Director and business executive, he has experience across Fintech, Industrial, and Equity Capital Markets. He is a graduate of the Australian Institute of Company Directors.

He has not served as a director of any other listed company during the past three years.

Elizabeth Whitelock – Managing Director and Chief Executive Officer
Director since 8 September 2016

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 has over 25 years' experience in Senior Management and CEO roles. Elizabeth has worked with organisations such as IBM, Information Builders, SAS, Ingres and Microstrategy.

These roles have all shared a focus on Information Management Products and Services and have highlighted her strengths in strategic communications, sales, marketing partner programs while cementing customer relationships.

She has not served as a director of any other listed company during the past three years.

Arunava Sengupta – Non-Executive Director
Director since 12 March 2018

Mr Sengupta has over 30 years experience working in the financial markets, private equity and corporate finance sector. He began his career working in Treasury at Westpac Banking Corporation before starting his own trading business in 1992 and has been involved in a broad range of corporate advisory, funds management, and principal investment activities. He has been involved in private equity and the establishment, fundraising and operation of ASX listed companies.

He has not served as a director of any other listed company during the past three years.

Steven Formica – Non-Executive Director
Director since 2 July 2018

Mr Formica brings to the Company practical management and business development experience. He has been a successful businessman and operations manager for over 30 years in several privately held business ventures including manufacturing, construction, landscape contracting, property development and integrated wholesale and retail businesses.

More recently he has been a successful investor and Non-Executive Director in mineral resource companies. Mr Formica is currently a Non-Executive Director of ASX listed companies Lindian Resources Ltd (ASX: LIN), Bowen Coking Coal Ltd (ASX: BCB) and High Grade Metals (ASX: HGM).

Henry Capra – Non-Executive Director
Appointed on 25 April 2017 and resigned on 27 July 2017

Directors report (continued)

Richard Anstey – Non-Executive Chairman

Appointed on 8 September 2016 and resigned on 18 December 2017

Laurence Hammond – Non-Executive Director
Appointed on 16 September 2017 and resigned on 18 December 2017

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Operating results and review of operations

A review of the operations of the Group during the financial year and results of those operations are as follows:

Highlights

- The year ended 30 June 2018 for Veriluma Limited (the Company) and its controlled entities (the Group) saw the Company and its subsidiary Veriluma Software Pty Ltd enter voluntary administration effective 15 November 2017. Subsequently a Deed of Company Arrangement (DOCA) was executed on 12 March 2018 and effectuated on 28 June 2018, resulting in the end of the administration and control of the Company and its subsidiary Veriluma Software Pty Ltd reverting to the Directors.
- During the financial year, the Group delivered final reports in relation to a Proof of Concept for the Vice Chief of Defence, CSIRO and other Commonwealth agencies where climate change, and its effect on governance, are monitored for early action and intervention to prevent catastrophic consequences.
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- The Company completed the sale to Aus-gold of the West Australian Jaurdi Hills tenements acquired as part of the reverse takeover of Parmelia Resources in September 2016.

Business Overview

The Group continued its focus on opportunities in defence and national security as well as legal and financial services.

Partnerships

The corporate strategy focused on building partnerships using subject matter experts with specific industry focus, partnerships included:

Marketlend - Marketlend continues to grow their investor base and assess loans using our software to evaluate the risk of lending to a specific borrower.

AdviceRegTech - A RegTech solution for compliance within the financial advice industry. Their application helps to check advice documents for regulatory compliance to enable pre-emptive, proactive risk management, thereby reducing the compliance burden. The intention is to use our software to assist in the identification of advisors not acting in a client's best interests.

Defence and National Security
The Group delivered its final report in relation to a Proof of Concept, to Vice Chief of Defence, CSIRO and other Commonwealth agencies where climate change, and its effect on governance, are monitored for early action and intervention to prevent catastrophic consequences.

Agriculture
The group continued to push ahead with trials of its technology with a Proof of Concept trial including workshops delivered to ASX-200 Listed Company and leading Australian producer of Atlantic salmon, Tassal. Tassal were looking to forecast workplace safety incidents and recommend prescriptive courses of action to minimise the occurrence of incidents that could result in an injury in the workplace.

Exploration Tenements
The Company was pleased to finalise the sale of the West Australian Jaurdi Hills tenements during the year.

Directors report (continued)

Operating results for the year

The consolidated loss of the Group amounted to $1,537,469 (2017: loss of $14,424,084), after providing for income tax.

Principal activities and significant changes in nature of activities

The principal activities of the Group are the product development, marketing and commercialisation of software products and services. During the year the Group completed the sale of its Jaurdi Hills tenements through the sale of its wholly owned subsidiary Toro Mining Pty Ltd.

As outlined above, the Company and its subsidiary Veriluma Software Pty Ltd entered voluntary administration on the 15th November 2017 and executed a DOCA on 12th March 2018 which was effectuated on 28th June 2018. During this period and throughout the financial year the Group continued to focus on the development, marketing and commercialisation of its software products and services.

Significant changes in the state of affairs

In the opinion of the Directors, significant changes in the state of affairs of the Group that occurred during the year ended 30 June 2018 were as follows:

Voluntary Administration

During the year, the directors believed that it was likely that the Company may at some point in the future, not be able to meet all financial commitments as and when they fell due, which resulted in an administrator being appointed to the company and its subsidiary Veriluma Software Pty Ltd on 15th November 2017.

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- Capital raising through the issue of 366,666,667 shares in the Company at $0.003 per share to the threshold amount of $1,100,000
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Directors report (continued)

Events after the reporting date

Subsequent to year end the Group submitted a proposal to the Department of Defence to in relation to the transformation of data into value-added intelligence.

In February 2019, the Group signed a contract which will generate up to $1.97m in revenue over 3 years, with an option to extend for a further 2 years, to supply software and services to the Australian Department of Defence. This contract commenced in March 2019.

Additionally, in March 2019, the Company received commitments from several sophisticated and professional investors for an aggregate of $500,000 financing by way of a short-term convertible note facility (Facility) which was entered into on the 28th March 2019. As at the end of April 2019 the Facility was drawn to $310,000. The convertible notes issued will be convertible on or before 28 March 2020 at a conversion price of not less than $0.002. Conversion is subject to obtaining shareholder approval. The funds will be used as working capital to allow the company to drive sales and deliver its prescriptive analytics software.

The key terms and conditions of the convertible notes are as follows:

Securities	Convertible Notes (**Notes**) with a face value equal to A$1.10 per Note (**Face Value**).
Principal	Aggregate of $500,000
Purchase Price	Each Note has a purchase price of A$1.00
Advances	Each Advance must be made within 7 days of the Company's request.
Conditional	The Notes are not convertible until Shareholder Approval (defined below) has been obtained. Notes issued prior to Shareholder Approval are loan notes only and are to be exchanged for convertible notes on Shareholder Approval being obtained.
Maturity Date	28 March 2020
Interest Rate	10% per annum
Interest Payments	Bi-monthly in arrears in cash from the date of the relevant Advance until converted or redeemed
Conversion Price	The higher of: (a) A$0.002 (**Fixed Conversion Price**); or (b) 80% of the volume weight average price of the Company's fully paid ordinary shares (**Shares**) as traded on ASX on the 5 trading days immediately prior to the date of giving the Conversion Notice.
Conversion Securities	That number of fully paid ordinary shares in the capital of the Company (**Shares**) equal to the Face Value being converted divided by the Conversion Price, together with one option to acquire a Share (**Option**) for every two Shares issued. Each Option will have an exercise price equal to the Conversion Price and an expiry date of 3 years from the date of issue.

Directors report (continued)

Events after the reporting date (continued)

Redemption	The Company may redeem the Notes in full at: (a) 105% of the Face Value if repaid within 30 days of the Advance Date; (b) 110% of Face Value if repaid later than 30 days and within 6 months of the Advance Date; or (c) 120% of Face Value if repaid later than 6 months after the Advance Date.
Events of Default	If an event of default occurs (event of insolvency of the Company or any of its subsidiaries, default under the agreement, or the Company's securities not being reinstated to trading on ASX by 15 June 2019), the Lender may demand repayment of the Notes within 30 days.
Shareholder Approval	The Borrower must convene a shareholder meeting to be held within 90 days of the date of execution of the term sheet to seek shareholder approval for the issue of all Notes relating to Advances (**Shareholder Approval**). In the event the Shareholder Approval expires before the issue of all Notes, the Company must convene a further meeting within 60 days of the date of expiry of the Shareholder Approval.
Adjustments	If the Company issues Shares below the Fixed Conversion Price, excluding Shares issued under the Facility agreement, the Fixed Conversion Price will be amended down to 20% less than that issue price. In addition, where the Company conducts a reorganisation of capital (as defined in the ASX Listing Rules), the number of securities or the Conversion Price or both must be reorganized so that the holder of the Notes will not receive a benefit that holders of Shares do not receive.
Security	Repayment of the Notes will be secured over all present and after acquired property of the Company and, if required by the Lender, the Company's wholly owned subsidiary, Veriluma Software Pty Ltd (ACN 117 490 785).

Further the Group resolved to enter into a Corporate Advisory Mandate in March 2019 with King Corporate Pty Ltd, to assist with potential capital raising including the short-term convertible notes, this mandate is for a period of six months, the terms of which are as follows:

- First right of refusal to be engaged by the Group for any future capital raising in the twelve months preceding the acceptance of the Mandate
- Lump Sum costs of $25,000 were paid within 7 days of acceptance of the Corporate Advisory Mandate, additionally on the 4th April 2019 the Group issued 10,000,000 fully paid ordinary shares and 20,000,000 options to acquire shares exercisable at $0.003 with an expiry date of 4th April 2022 from the date of issue.

On 4th April 2019, the first right of refusal was exercised by King Corporate Pty Ltd to propose a capital raising of up to $2,500,000 with a minimum of $2,300,000 by way of an issue of up to 833,333,333 fully paid ordinary shares in the Group at an issue price of $0.003 per share to sophisticated and professional investors. This is subject to shareholder approval and ASX confirmation of reinstatement of the Group's securities to trading.

Directors report (continued)

Events after the reporting date (continued)

Other than the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

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

Dividends paid or recommended
The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

Company Secretary

The following people held the position of Company Secretary during the year or at the end of the financial year:

Patrick Raper – appointed on 16 April 2018

Tharun Kuppanda – appointed on 19 September 2017 and resigned on 16 November 2017

Lisa Dadswell – appointed on 28 April 2017 and resigned on 19 September 2017

Meetings of directors
During the financial year, 11 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors Meetings	
Director	**Eligible to attend**	**Number attended**
John Welsh	3	3
Elizabeth Whitelock	11	11
Arunava Sengupta[1]	0	0
Steven Formica[1]	0	0
Henry Capra[1]	0	0
Richard Anstey	11	11
Laurence Hammond	5	5

[1] No meetings were attended by Arunava Sengupta during the year because he was appointed on 12 March 2018 and control was not handed back to the Directors until effectuation of the DOCA on 28 June 2018. No meetings were attended during the year by Steven Formica because he was appointed on 2 July 2018. No meetings were attended by Henry Capra during the year due to resigning as a Director on 27 July 2017.

Directors report (continued)

Indemnification and insurance of officers and auditors

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

- The Group 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 Group. The agreement provides for the Group to pay all damages and costs which may be awarded against the Directors.

- The Group has paid premiums to insure each of Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings to arising out of their conduct while acting in the capacity of Director of the Group, other than conduct involving willful breach of duty in relation to the Group. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against and the premium paid cannot be disclosed.

Options

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

Grant Date	Date of Expiry	Exercise Price ($)	Number under Option
8/08/2016	13/07/2019	0.11	1,000,000
4/04/2019	4/04/2022	0.003	20,000,000

Option holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity.

The options issued on 8 August 2016 were issued to the former directors of Veriluma Limited (formerly Parmelia Resources Limited). For details of options held by directors and other key management personnel as remuneration, refer to the remuneration report.

Expired options

During the period 4,500,000 unlisted options with an acquisition date fair value of $125,550 expired. The acquisition date fair value has been transferred from the option reserve to accumulated losses.

Convertible Notes
In March 2019, the Company received commitments from several sophisticated and professional investors for an aggregate of $500,000 financing by way of a short-term convertible note facility (Facility) which was entered into on the 28th March 2019. As at the end of April 2019 the Facility was drawn to $310,000. The convertible notes issued will be convertible on or before 28 March 2020 at a conversion price of not less than $0.002. For a summary of key terms and conditions of the convertible notes please refer to Subsequent events, note 23.

Proceedings on behalf of the company

The Board of Veriluma Limited and its subsidiary Veriluma Software Pty Ltd appointed Jamieson Louttit and Associates as Administrators effective 15th November 2017 pursuant to section 447A of the Corporations Act. On the 15th December 2017 Jamieson Louttit and Associates was retired as Administrator and Jirsch Sutherland was appointed. On 12th October 2018, Jamieson Louttit and Associates lodged a Form 16 Notice of Intention to Apply for Remuneration with the Federal Court of New South Wales against Veriluma Limited and its subsidiary Verliuma Software Pty Ltd. The Directors have determined that the maximum remuneration payable per the claim is $87,500 inc GST. A liability of $87,500 has been recognised by the Group for the fees claimed by Jamieson Louttit and Associates (2017: none).

Non-audit services

There was no non-audit services provided by KPMG, the Group's auditor, during the year ended 30 June 2018.

Auditor's independence declaration
The auditor's independence declaration in accordance with section 307C of the Corporations Act 2001 for the year ended 30 June 2018 has been received and can be found on page 16 of the consolidated financial report.

Remuneration report (audited)

Principles used to determine the nature and amount of remuneration

The remuneration policy of Veriluma Limited and its controlled entities has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. Board of Veriluma Limited and its controlled entities believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders. Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Directors of the Group.

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 compulsory employer contributions to superannuation funds; and
- Fixed remuneration being base fees exclusive of employer contributions to superannuation funds; and
- Short term incentives 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.

While the Company and its subsidiary were in Voluntary Administration, the remuneration policy was amended accordingly to reduce KMP salaries and no short-term incentives or long-term incentives were paid during the period.

Performance Based Remuneration

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. No incentive options were issued during the year ended 30 June 2018.

Remuneration report (audited) (continued)

Performance Based Remuneration (continued)

Table of benefits and payments

Directors	Cash salary and fees $	Share based payments* $	Total short term $	Post employment super-annuation $	Other long term** $	Total remuneration $	Performance related remuneration %
2018							
John Welsh*	25,873	3,014	28,887	2,458	-	31,345	-
Elizabeth Whitelock[1]	161,998	-	161,998	15,390	(65,281)	112,107	-
Arunava Sengupta*	11,942	3,014	14,956	1,135	-	16,091	-
Henry Capra[2]	3,378	-	3,378	321	-	3,699	-
Richard Anstey[3]	22,831	-	22,831	2,169	-	25,000	-
Laurence Hammond[4]	5,682	-	5,682	540	-	6,222	-
	231,704	6,028	237,732	22,013	(65,281)	194,464	-

[1] Ms Whitelock's 'other long term' benefit movement was negative due to the reduction in her salary from $273,750 per annum to $109,500 per annum, which led to a reduction in her leave balances.
[2] Mr Capra was appointed Non-Executive Director on 25 April 2017 and resigned 27 July 2017.
[3] Mr Anstey was appointed Non-Executive Director on 8 September 2016 and resigned on 18 December 2017.
[4] Mr Hammond was appointed Non-Executive Director on 16 September 2016 and resigned on 18 December 2017.

Directors	Cash salary and fees $	Share based payments $	Total short term $	Post employment super-annuation $	Other long term** $	Total remuneration $	Performance related remuneration %
2017							
Richard Anstey	55,848	-	55,848	5,306	-	61,154	-
Elizabeth Whitelock	250,000	-	250,000	23,750	17,666	291,416	-
Nigel Gellard[1]	23,697	-	23,697	2,251	-	25,948	-
Henry Capra[2]	7,610	-	7,610	723	-	8,333	-
	337,155	-	337,155	32,030	17,666	386,851	-

[1] Mr Gellard was appointed Non-Executive Director on 8 September 2016 and resigned 27 April 2017.
[2] Mr Capra was appointed Non-Executive Director on 25 April 2017 and resigned 27 July 2017.

*Accrued share based remuneration. Total accrued as at 30 June 2018 is $3,014 each (30 June 2017: nil). Shares to be issued once approved at the 2018 Annual General Meeting.

** Other long term benefits comprises movements in accrued employee benefits.

Remuneration report (audited) (continued)

Performance Based Remuneration (continued)

Service Agreements

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of director.

The remuneration and other terms of employment for the Managing Director are set out in formal service agreements as summarised below.

Ms Elizabeth Whitelock

On 8 September 2016, the Group has entered into an executive employment contract with Ms Elizabeth Whitelock as a Managing Director and Chief Executive Officer of the Group. On 20 August 2018, the Group entered into an Agreement and Deed of Variation with Ms Elizabeth Whitelock.

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

(a) from 1 July 2017 to 11 March 2018 a salary of $273,750 per annum, inclusive of superannuation and other statutory entitlements;
(b) from 12 March 2018 to 11 June 2018 a salary of $180,000 per annuum, inclusive of superannuation and other statutory entitlements;
(c) from 12 June 2018 a salary of $109,500 per annum, inclusive of superannuation and other statutory entitlements;
(d) a notice period of one month;
(e) a fixed term agreement for a period of three years from commencement date of 8th September 2016. Neither party may terminate prior to the first anniversary of the commencement date.
(f) four weeks' paid annual leave each year and ten days' paid personal leave per year;
(g) all intellectual property developed by Ms Whitelock during her employment will belong to the Group; and
(h) a 12 month non-compete throughout Australia restricting Ms Whitelock from providing services to a direct competitor of the Group, or soliciting or enticing away customers or employees of the Group, during which period of restraint Ms Whitelock will be paid her usual remuneration.

Prior to 8 September 2016 there was no formal contract with Ms Whitelock.

Securities received that are not performance related

Effective from the 12th March 2018 non-executive directors are entitled to $10,000 per annum equivalent, non-performance related, share based remuneration. Conversion to shares is based on the following terms:

(a) eligibility is from commencement as a Non-Executive Director and the director continues to be eligible while engaged as a Non-Executive Director
(b) initial shares will be allocated once approved at the 2018 Annual General Meeting
(c) subsequent shares will be ratified for conversion bi-annually in December and June and final approval of the allocation by shareholders would be sought at the relevant Annual General Meeting
(d) initial shares will be allocated per the below pricing;
    (i) while the shares are suspended from quotation on the ASX, the shares will be allocated in line with the most visible pricing. If the shares are quoted on the ASX, the shares will be allocated at the volume weighted average price for the respective month
    (ii) For the period 12 March 2018 to 31 March 2019 the shares will be priced at the DOCA capital raise price being $0.003 per share

The total non-performance related share-based payment accrual is as follows:

Non-Executive Director	Appointment date	Year-end	Total Days Entitled	Annual Fee ($)	Pro-Rata Accrual ($)
John Welsh	12/03/2018	30/06/2018	110	10,000	3,014
Arunava Sengupta	12/03/2018	30/06/2018	110	10,000	3,014
					6,028

Remuneration report (audited) (continued)

Key management personnel shareholdings

The number of ordinary shares in Veriluma Limited held by each key management person of the Group during the financial year is as follows:

30 June 2018	Balance at beginning of the year/date of appointment	Other changes during the year	Issued on exercise of options	Balance at year end / date of resignation
Richard Anstey[1]	51,308,100	1	-	51,308,101
Elizabeth Whitelock	45,156,000	1	-	45,156,001
Arunava Sengupta	-	3,321,961	-	3,321,961
Laurence Hammond[2]	50,835,900	1	-	50,835,901

[1] Mr Anstey was appointed Non-Executive Director on 8 September 2016 and resigned on 18 December 2017.
[2] Mr Hammond was appointed Non-Executive Director on 16 September 2017 and resigned on 18 December 2017.

30 June 2017	Balance at beginning of the year	Other changes during the year	Issued on exercise of options	Balance at year end/date of resgination
Richard Anstey	-	51,308,100	-	51,308,100
Elizabeth Whitelock	-	45,156,000	-	45,156,000
Nigel Gellard	6,259,730	-	-	6,259,730

Performance shares in Veriluma Limited were issued to the shareholders of Veriluma Software Pty Ltd as part of the consideration in the reverse acquisition on 8 September 2016. The number of performance shares in Veriluma Limited held by each key management person of the Group during the financial year is as follows:

30 June 2018	Balance at beginning of the year	Issued during the year	Lapsed during the year	Balance at year end
Richard Anstey				
A Performance Shares	3,420,540	-	(3,420,540)	-
B Performance Shares	5,130,810	-	-	5,130,810
C Performance Shares	5,130,810	-	-	5,130,810
Elizabeth Whitelock				
A Performance Shares	3,010,400	-	(3,010,400)	-
B Performance Shares	4,515,600	-		4,515,600
C Performance Shares	4,515,600	-		4,515,600
Laurence Hammond				
A Performance Shares	3,389,060	-	(3,389,060)	-
B Performance Shares	5,083,590	-	-	5,083,590
C Performance Shares	5,083,590	-	-	5,083,590

Remuneration report (audited) (continued)

Key management personnel shareholdings (continued)

The issue of the 30,000,000 performance shares is contingent on achieving the following milestones:

30 June 2018	Performance Milestone
15,000,000 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 million.
15,000,000 C Performance Shares	C 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 million.

As at 30 June 2017, there were 40,000,000 performance shares on issue, 10,000,000 lapsed during the 2018 year due to the respective performance milestone not being reached. The A Performance Shares have lapsed as the milestone was not satisfied on or before the 2nd anniversary of the issue of the A Performance Shares, as a result the entire holding of each holder of A Performance Shares is converted to one fully paid ordinary share. The full terms and conditions are set out in Schedule 1 of the Notice of Meeting released to the ASX on 10 June 2016.

30 June 2017	Performance Milestone
10,000,000 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 million.
15,000,000 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 million.
15,000,000 C Performance Shares	C 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 million.

Remuneration report (audited) (continued)

Transactions with Key Management Personnel

The Group acquired the following services from entities that are controlled by the members of the Group's key management personnel.

Some of the 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.

Entity	Nature of transactions	Key Management Personnel	Total Transactions 2018 $	Payable Balance 2018 $
Canary Capital Pty Ltd[1]	Loan to Group for funding of legal fees in relation to the DOCA	Arun Sengupta	56,869	56,869
Canary Capital Pty Ltd[2]	Loan to Group for funding of wages and operating costs	Arun Sengupta	69,862	69,862
Canary Capital Pty Ltd[1]	Loan to the Group to fund administration costs in relation to the DOCA	Arun Sengupta	100,000	100,000
Elizabeth Whitelock[1]	Loan to Group for funding of legal fees under the DOCA	Elizabeth Whitelock	90,079	90,930

[1]Under the terms of the DOCA, the above balances are to be repaid as soon as practicable after reinstatement of the Group to quotation on the ASX. The above balances are unsecured and interest free.

[2]The above loan from Canary Capital Pty Ltd was repaid subsequent to year end.

Loans made to Key Management Personnel

There were no loans made to key management personnel during the period.

End of Audited Remuneration Report

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

Director:

15 May 2019

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Veriluma Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Veriluma Limited for the financial year ended 30 June 2018 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

KPMG

KPMG

Adam Twemlow

Partner

Gold Coast

15 May 2019

VERILUMA LIMITED
and its controlled entities

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		$	$
			* Restated
Revenue	**3**	**14,635**	146,266
Other income	**3**	**202,114**	441,682
Creditor relief	**4**	**452,949**	-
Audit fees		**(88,938)**	(55,375)
Consulting and professional fees		**(569,353)**	(826,306)
Employee costs		**(635,397)**	(753,141)
Non-Executive Directors' Fees		**(75,823)**	(87,156)
Marketing and public relations expense		**(81,313)**	(226,116)
Reverse acquisition costs	**12**	**-**	(12,560,500)
Share registry and listing fees		**(25,463)**	(65,225)
Other expenses		**(310,687)**	(307,708)
Finance costs		**(2,508)**	(11,266)
Voluntary administration expense	**5**	**(875,933)**	-
Share based payments expense - directors' fees	**18**	**(6,027)**	-
Share of net profits of equity-accounted associates and joint ventures		**158**	1,663
Profit (loss) before income tax		**(2,001,586)**	(14,303,182)
Income tax expense	**7**	**-**	-
Profit (loss) from continuing operations		**(2,001,586)**	(14,303,182)
Discontinued operation			
Profit (loss) from discontinued operation, net of tax	**6**	**464,117**	(120,902)
Loss for the year		**(1,537,469)**	(14,424,084)
Other comprehensive income / (loss)		**-**	**-**
Total comprehensive income / (loss), for the year		**(1,537,469)**	(14,424,084)
Total comprehensive loss for the year			
Loss attributable to:			
Members of the parent entity		**(1,537,469)**	(14,424,084)
Earnings per share			
Basic / diluted loss per share (cents)	**17**	**(0.42)**	(4.48)
Earnings per share - continuing operations			
Basic / diluted loss per share (cents)	**17**	**(0.55)**	(4.44)

*See note 6 – discontinued operations

The above statement of profit or loss and other comprehensive incomes should be read in conjunction with accompanying notes.

VERILUMA LIMITED
and its controlled entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 $	2017 $
Current assets			
Cash and cash equivalents	9	**473,855**	362,273
Trade and other receivables	10	**313,381**	514,072
Other assets		**-**	42,661
Total current assets		**787,236**	919,006
Non-current assets			
Other assets		**-**	12,684
Investment in associates		**1,821**	1,663
Property, plant and equipment		**240**	7,002
Total non-current assets		**2,061**	21,349
Total assets		**789,297**	940,355
Current liabilities			
Trade and other payables	11	**376,723**	387,244
Borrowings	13	**317,663**	-
Employee benefits	14	**148,360**	161,625
Provisions	21	**87,500**	-
Total current liabilities		**930,246**	548,869
Non-current liabilities			
Employee benefits	14	**6,441**	50,314
Total non-current liabilities		**6,441**	50,314
Total liabilities		**936,687**	**599,183**
Net assets / (liabilities)		**(147,389)**	341,172
Equity			
Issued capital	15	**15,410,653**	14,361,745
Reserves		**25,400**	150,950
Retained losses		**(15,583,442)**	(14,171,523)
Total equity / (deficiency) attributable to members of the Company		**(147,389)**	341,172
Total equity / (deficiency)		**(147,389)**	341,172

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

VERILUMA LIMITED
and its controlled entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Ordinary Shares $	Retained Earnings $	Option Reserve $	Total $
2018					
Balance at 1 July 2017		14,361,745	(14,171,523)	150,950	341,172
Loss for the year		-	(1,537,469)	-	(1,537,469)
Transactions with owners in their capacity as owners					
Issue of shares	**15**	1,048,908	-	-	1,048,908
Lapsed options	**16**	-	125,550	(125,550)	-
Balance at 30 June 2018		**15,410,653**	**(15,583,442)**	**25,400**	**(147,389)**

2017	Note	Ordinary Shares $	Retained Earnings $	Option Reserve $	Total $
Balance at 1 July 2016		423,109	(1,808,536)	-	(1,385,427)
Loss for the year		-	(14,424,084)	-	(14,424,084)
Transactions with owners in their capacity as owners					
Share based payment - settlement of liability	**15**	200,000	-	-	200,000
Share based payment - acquisition of PML	**12**	13,737,266	-	2,212,047	15,949,313
Issue of shares on exercise of options		1,370	-	-	1,370
Lapsed options		-	2,061,097	(2,061,097)	-
Balance at 30 June 2017		**14,361,745**	**(14,171,523)**	**150,950**	**341,172**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

VERILUMA LIMITED
and its controlled entities

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $	2017 $
Cash flows from operating activities:			
Receipts from customers		**8,951**	146,266
Payments to suppliers and employees		**(2,070,303)**	(2,675,026)
Interest received		**494**	1,442
Interest paid		**(2,786)**	(12,708)
Receipt from grants		**401,682**	247,783
Net cash provided by / (used in) operating activities	**22**	**(1,661,962)**	(2,292,243)
Cash flows from investing activities:			
Disposal of discontinued operation	**6**	**410,000**	50,000
Purchase of property, plant and equipment		**(3,026)**	(787)
Net cash provided by / (used in) investing activities		**406,974**	49,213
Cash flows from financing activities			
Proceeds from issue of shares	**15**	**1,048,908**	1,370
Repayment of related party and shareholder loans		**-**	(662,281)
Advances to associates		**-**	(89,593)
Proceeds from related party borrowings		**317,662**	-
Bank guarantee		**-**	(12,684)
Net cash provided by / (used in) financing activities		**1,366,570**	(763,188)
Net increase / (decrease) in cash and cash equivalents held		**111,582**	(3,006,218)
Cash and cash equivalents at the beginning of the year		**362,273**	17,522
Cash acquired		**-**	3,350,969
Cash and cash equivalents at end of financial year	**9**	**473,855**	362,273

The above consolidated statement of cash flows should be read
in conjunction with the accompanying notes.

The consolidated financial report covers Veriluma Limited and its controlled entities ('the Group'). Veriluma Limited is a listed public company limited by shares, incorporated and domiciled in Australia. The Group is a for-profit entity primarily involved in product development, marketing and commercialisation of software, products and services.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 15 May 2019.

The Company and its subsidiary went into voluntary administration on 15 November 2017. On 12 March 2018, the Company and its subsidiary in administration entered into a Deed of Company Arrangement (DOCA) which was effectuated on 28 June 2018. On this date the Group was handed back to the control of the Directors.

1. Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the Corporations Act 2001.

These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Going Concern

The Directors have prepared the consolidated financial report of the Group on a going concern basis, which assumes continuity of normal business activities and realisation of assets and the settlement of liabilities in the ordinary course of business.

On the 15th November 2017, the Company along with its subsidiary were placed into Voluntary Administration, the Group appointed Mr Jamieson Louttit of Jamieson Louttit and Associates as Administrator of the Group. On the 15th December 2017, the Supreme Court of New South Wales made orders appointing Mr Sule Arnautovic and Ms Amanda Young of Jirsch Sutherland as Administrators to the Group pursuant to section 447A of the Corporations Act. Consequently, Mr Jamieson Louttit retired as Administrator on the 15th December 2017.

On the 19th February the creditors of the Group voted in favour of the Company and its subsidiary entering into a Deed of Company Arrangement (DOCA) to enable the recapitalisation of the Group and the establishment of a Creditors Trust.

On the 12th March 2018 the Company and its subsidiary entered into the Deed of Company Arrangement with Mr Sule Arnautovic and Ms Amanda Young of Jirsch Sutherland as Deed Administrators and Canary Capital Pty Ltd (Canary) as the Proponent, the DOCA was effectuated on the 28th June 2018. The key features of the DOCA were as follows:

- Extinguish certain pre-administration liabilities of the Company and its subsidiary excluding employee entitlements for continuing employees
- All secured creditors to release Personal Property Securities Register (PPSR) registered securities
- Establishment of a Creditors Trust
- Capital raising through the issue of 366,666,667 shares in the Company at $0.003 per share to the threshold amount of $1,100,000
- Offers of employment to continuing employees, the Group assuming the employee entitlements of the continuing employees
- Transfer of $560,000 into the Creditors Trust
- Any deferred contingent consideration received from the sale of Toro Mining Pty Ltd to Ausgold Resources Pty Ltd capped at $300,000 becomes property of the Creditors Trust
- Upon reinstatement to the ASX reimburse Canary Capital Pty Ltd for all costs in respect of the DOCA, including $100,000 contributed to the fund the Groups trading liabilities during the administration period
- Upon reinstatement to the ASX reimburse Ms Elizabeth Whitelock $90,079 for legal fees in relation to the Supreme Court of New South Wales proceedings

The Group continues in the research, development and commercialisation stage of its artificial intelligence technology.

Notes to the financial statements (continued)

Going Concern (continued)

During the period, the Group has incurred a net loss after tax of $1,537,469. The Group incurred net cash outflows from operations of $1,661,962.

As at 30 June 2018, the Group had cash and cash equivalents of $473,855 (2017: $362,273) and net liabilities of $147,389 (2017: net assets $341,172) and retained losses of $15,583,442 (2017: $14,171,523)

Subsequent to year end the Group submitted a proposal to the Department of Defence in relation to the transformation of data into value-added intelligence.

In February 2019, the Group signed a contract with the Department of Defence which will generate up to $1.97m in revenue over 3 years, with an option to extend for a further 2 years. This contract commenced in March 2019.

Additionally, the Company received commitments from several sophisticated and professional investors for an aggregate of $500,000 financing by way of a short-term convertible note facility (Facility) which were entered into on the 28th March 2019. As at the end of April 2019 the Facility was drawn to $310,000. The convertible notes issued will be convertible on or before 28 March 2020 at a conversion prices of not less than $0.002. Conversion is subject to obtaining shareholder approval. The funds will be used as working capital to allow the company to drive sales and deliver its prescriptive analytics software. For a summary of key terms and conditions of the convertible notes please refer to Subsequent events, note 23.

Management have prepared cash flow projections that support the Group's ability to continue as a going concern. These cash flow projections assume the Group will continue to invest in the research, development and commercialisation of its artificial intelligence technology and are critically dependent on the following mitigating factors:

- the Group generating significant positive cash flows from the commercialisation of its artificial intelligence technology focusing on the National Security and Intelligence vertical; and/or
- the Group relisting on the ASX and raising additional funding from shareholders or other parties; and
- further drawdowns of convertible notes in the short term and the loan notes/convertible notes being repaid or converted to equity in accordance with the terms of the notes; and
- the Group maintaining expenditure in line with available funding.

The Directors of the Group consider that the above critical assumptions can be achieved, and the Group will be able to continue as a going concern. The mitigating factors outlined above may not be achieved as contemplated and therefore give rise to a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. In the event that the Group cannot continue as a going concern it may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial report.

2. Summary of Significant Accounting Policies

Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

When the Group loses control over a Subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related Non-Controlling Interest (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 20 to the financial statements.

Notes to the financial statements (continued)

Basis for consolidation (continued)

Subsidiaries
Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to or has rights to variable returns from its involvement with the entity and can affect those returns through its power to direct the relevant activities of the entity.

Interests in equity-accounted investees
The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.
Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than the rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit and loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured, and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

Income tax

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Notes to the financial statements (continued)

Income tax (continued)

Deferred tax assets and liabilities are measured 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 (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Revenue

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Grant revenue
Government grants are recognised at fair value where there is reasonable assurance that the grant will be received, and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Interest revenue
Interest is recognised using the effective interest method.

Software Sales
Revenue is recognised when the significant risk and rewards of ownership have been transferred to the customer. The timing of the transfer of risks and rewards depends on the individual terms of the sale agreement.

Supporting Services
Unearned income is recognised upon the receipt of payment for support contracts and is brought to account overt time as it is earned. The timing depends on the individual terms of the sale agreement.

Licences
Revenue from licensing is recognised on a straight line basis over the period of the licence reflecting the period over which the services are supplied.

Finance costs

Finance cost includes all interest-related expenses, interest expense is recognised using the effective interest rate method.

Notes to the financial statements (continued)

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income. At 30 June 2018 the Group's only financial assets are classified as cash and cash equivalents and loans and receivables.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Group's trade and other receivables fall into this category of financial instruments.

Impairment of financial assets
At the end of the reporting period the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Group renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Group does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Notes to the financial statements (continued)

Financial instruments (continued)

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Financial liabilities
Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Group's financial liabilities include borrowings, trade and other payables, which are measured at amortised cost using the effective interest rate method.

Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the consolidated statement of cash flows and are presented within current liabilities on the consolidated statement of financial position.

Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

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 result, and that outflow can be reliably measured.

Notes to the financial statements (continued)

Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

Equity-settled compensation

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The amount to be expensed is determined by reference to the fair value of the options or shares granted, this expense takes in account any market performance conditions and the impact of any non-vesting conditions but ignores the effect of any service and non-market performance vesting conditions.

Non-market vesting conditions are taken into account when considering the number of options expected to vest. At the end of each reporting period, the Group revises its estimate of the number of options which are expected to vest based on the non- market vesting conditions. Revisions to the prior period estimate are recognised in profit or loss and equity.

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification and subsequent gains and losses on remeasurement are recognised in profit or loss.

New accounting standards and interpretations

Several new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2017 and have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 9 Financial Instruments

AASB 9 will replace the existing guidance in AASB 139 Financial Instruments: Measurement and Recognition (AASB 139). It includes guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for the Group's annual reporting period beginning 1 July 2018, with early adoption permitted.
The Group is assessing the potential impact on its financial statements resulting from the application of AASB 9 and is yet to quantify any impact on its financial statements.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 15 is effective for the Group's annual reporting periods beginning 1 July 2018, with early adoption permitted.

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Notes to the financial statements (continued)

AASB 15 Revenue from Contracts with Customers (continued)

The Group's current accounting policies for the recognition and measurement of revenue is disclosed in note 2. The Group is in the process of completing an assessment of the application of AASB 15 to these arrangements and is yet to quantify the impact on the financial statements.

AASB 16 Leases

AASB 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short term leases and leases of low value items. AASB 16 replaces existing guidance including AASB 117 Leases.

AASB 16 is effective for the Group's annual reporting periods beginning 1 July 2019, with early adoption permitted for entities that apply AASB 15 Revenue from Contracts with Customers at or before the date of initial application of ASAB 16.

The Group is currently assessing the potential impact on its financial statements resulting from the application of AASB 16. Based on the initial assessment the application of AASB 16 is not expected to have a material impact on the Group as its existing operating leases are short term and the total commitments under the operating lease arrangements are not material to the financial position or performance of the Group.

Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these Consolidated financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key judgments

In addition to the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation of uncertainty applied to the consolidated financial statements, management has made significant judgements and estimates in relation to the following transactions that occurred during the period:

- Going concern (see note 1)
- Creditor relief (see note 4)

3. Revenue and other income

	2018	2017
	$	$
Sales revenue		
Provision of services	**14,635**	146,266
Total revenue	**14,635**	146,266
Other income		
Government grant income	**201,898**	441,682
Interest income	**216**	-
Total other income	**202,114**	441,682

Notes to the financial statements (continued)

4. Creditor relief

When the Company entered voluntary administration, various claims were made against it with respect to general trade creditors. The Deed of Company Arrangement (DOCA) extinguished these claims. The creditor relief of $452,949 represents the amount of claims recorded by the Company and its subsidiary that were extinguished on effectuation of the DOCA.

5. Expenses arising from Voluntary Administration and the DOCA

	2018	2017
	$	$
Administrator fees and amounts paid to creditors trust	**598,363**	-
Legal fees	**277,570**	-
Total expenses arising from voluntary administration and DOCA	**875,933**	-

6. Discontinued operations

On 24 July 2017, the Group finalised the sale of its wholly owned subsidiary, Toro Mining Pty Ltd. This occurred due to a strategic decision to divest the exploration and evaluation permits held by the Group to focus on the product development, marketing and commercialisation of software, products and services in Australia.

The subsidiary was not classified as a discontinued operation as at 30 June 2017 and the comparative Consolidated Statement of Profit or Loss and Other Comprehensive Income has been re-presented to show the discontinued operation separately from continuing operations.

	2018	2017
	$	$
Result of discontinued operations		
Expenses	**(34,464)**	(120,902)
Results from operating activities	**(34,464)**	(120,902)
Income tax expense	**-**	-
Results from operating activities, net of income tax	**(34,464)**	(120,902)
Gain on sale of discontinued operation	**498,581**	-
Gain / (loss) for the year	**464,117**	(120,902)
Basic and diluted loss per share (cents)	**0.128**	(0.038)
Cash flows from (used in) discontinued operation		
Net cash used in operating activities	**(34,464)**	(120,902)
Net cash from investing activities	**410,000**	50,000
Cash flows from discontinued operations	**375,536**	(70,902)

Notes to the financial statements (continued)

7. Income tax expense

Reconciliation of income tax to accounting profit:

	2018	2017
	$	$
Loss for the period	**(1,537,469)**	(14,424,084)
Tax	**27.5%**	27.5%
	(422,804)	(3,966,623)
Add:		
Tax effect of:		
- non-deductible exploration expenditure	**9,999**	41,625
- creditor relief	**(124,561)**	-
- voluntary administrator expenses	**192,705**	-
- reverse acquisition costs	**-**	3,402,129
- employee entitlements	**60,799**	36,991
- research and development	**97,403**	143,475
- deferred tax assets not brought to account	**186,459**	342,403
Income tax expense	**-**	-

Deferred tax asset not recognised
The deductible differences and tax losses do not expire under the current tax legislation. Deferred tax assets of $846,438 (2017: $429,188) have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits of the deferred tax asset.

8. Operating 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 has identified it only operates in one business segment, being the product development, marketing and commercialisation of software, products and services in Australia. As all significant assets and liabilities and the financial result relates to the one business segment, no detailed segment analysis has been performed. No seasonality in the business segment has been identified that would have a significant impact on the interim results of the Group.

Notes to the financial statements (continued)

9. Cash and cash equivalents

	2018 $	2017 $
Cash at bank and in hand	**473,855**	362,273
	473,855	**362,273**

Reconciliation of cash

Cash and cash equivalents reported in the consolidated statement of cash flows are reconciled to the equivalent items in the consolidated statement of financial position as follows:

	2018 $	2017 $
Cash and cash equivalents	**473,855**	362,273
	473,855	**362,273**

10. Trade and other receivables

Current	2018 $	2017 $
GST receivable	**12,850**	50,927
Other receivables	**61,019**	21,463
Voluntary Administrator receivable	**57,526**	-
Related party receivables[2]	**1,106**	-
Government grant receivable	**241,897**	441,682
Total current trade and other receivables	**374,398**	514,072
Provision for impairment of other receivables[1]	**(61,017)**	-
Net current trade and other receivables	**313,381**	514,072

[1]Balance of Toro Mining Pty Ltd share sale proceeds receivable from the purchaser, this amount was fully impaired as it is unlikely to be recovered.

[2]Loan to Ms Elizabeth Whitelock as a result of overpayment of wages due to variation of remuneration package. To be repaid out of subsequent wages prior to 30 June 2019.

At 30 June 2017, the Group was owed $134,557 from Legal Logix Holdings Pty Ltd, the Group's joint venture. The receivable accrues interest at a rate of 7%, is unsecured and has a term of 3 years however given its recoverability is dependent on the entity producing future revenues, its recovery was deemed doubtful at 30 June 2017 and the receivable was been fully provided for and an expense of $134,557 has been included in other expenses in the profit and loss for the year ended 30 June 2017.

As at 30 June 2018, the Group had a further amount of $10,259 owed from Legal Logix Holdings Pty Ltd. Given recoverability is dependent on the entity producing future revenues, its recovery was deemed doubtful at 30 June 2017 and the receivable has been fully written off and an expense of $10,259 has been included in other expenses in the profit and loss for the year ended 30 June 2018.

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

Notes to the financial statements (continued)

11. Trade and other payables

Current	**2018**	2017
	$	$
Trade payables	**64,359**	162,209
Deposit on sale of tenements	**-**	50,000
Sundry payables and accrued expenses	**268,367**	84,119
Credit cards payable	**-**	8,409
Accrued share based payment (Directors' fees)	**6,027**	
Superannuation and PAYG payable	**37,970**	82,507
Trade and other payables	**376,723**	387,244

Trade and other payables are unsecured, non-interest bearing and are normally settled within 90 days. The carrying amounts are considered to be a reasonable approximation of fair value.

12. Acquisition of Parmelia Resources Limited (2017)

On 8th September 2016, Veriluma Limited (formerly Parmelia Resources Limited) acquired 100% of the ordinary share capital and voting rights of Veriluma Software Pty Ltd (formerly Veriluma Pty Ltd) as detailed in the Share Sale Agreement between Veriluma Limited and Veriluma Software Pty Ltd dated 23 December 2015. Veriluma Software Pty Ltd was an unlisted private company involved in the development and commercialisation of intellectual property predominantly in the field of prescriptive analytics technology.

Veriluma Limited gained legal control of Veriluma Software Pty Ltd through the issue of Veriluma Limited ordinary shares to the shareholders of Veriluma Software Pty Ltd. The acquisition of Veriluma Limited by Veriluma Software Pty Ltd does not meet the definition of a business combination under AASB 3 *Business Combinations* as Veriluma Limited did not meet the business test at the time of acquisition.

Although the transaction was not a business combination, the acquisition has been accounted for as an asset acquisition with reference to the guidance for reverse acquisitions in AASB 3 *Business Combinations* and with reference to AASB 2 *Share Based Payments*.

From an accounting perspective, the acquirer is Veriluma Software Pty Ltd and the acquiree is Veriluma Limited because the shareholders of Veriluma Software Pty Ltd gained control of Veriluma Limited post acquisition. Additionally, the directors of Veriluma Software Pty Ltd were appointed directors of Veriluma Limited on 8 September 2016, and the majority of the existing directors of Veriluma Limited resigned on this date.

The acquisition of the identifiable net assets of Veriluma Limited therefore is accounted for as a share-based payment transaction in accordance with AASB 2 *Share Based Payments*. The consideration in an acquisition accounted for under AASB 2 *Share Based Payments* is measured at the fair value of the deemed issue of shares by Veriluma Software Pty Ltd, equivalent to the current shareholders' interest in Veriluma Limited on acquisition.

The assets and liabilities of Veriluma Software Pty Ltd, as the acquirer, are measured at their pre-combination carrying amounts and the assets and liabilities of Veriluma Limited, as the acquiree, are measured at fair value at the date of acquisition.

Notes to the financial statements (continued)

12. Acquisition of Parmelia Resources Limited (2017) (continued)

Any excess of the fair value of the shares over the acquired assets and liabilities is recognised as a listing expense in profit or loss. Other transaction costs related to the acquisition totaling $189,122 have also been recognised as an expense in profit or loss for the year ended 30 June 2017.

	2017 $
Fair value of shares issued (see note 15)	**13,737,266**
Fair value of options acquired (see note 16)	**2,212,047**
Fair value of share-based payment, assessed in accordance with AASB 2	**15,949,313**
Fair value of Veriluma Limited (formerly Parmelia Resources Limited) assets and liabilities held at acquisition:	
Cash and cash equivalents	**(3,350,969)**
Trade and other receivables	**(55,945)**
Other current assets	**(24,280)**
Trade and other payables	**190,645**
Forgiveness of loan payable by Veriluma Software	**(337,389)**
Listing expense on reverse acquisition recognised on the date of acquisition	**12,371,375**
Other acquisition expenses incurred	**189,127**
Total reverse acquisition costs	**12,560,502**

13. Borrowings

Current	**2018 $**	2017 $
Related party borrowings:		
Canary Capital Pty Ltd	**226,733**	-
Elizabeth Whitelock	**90,930**	-
	317,663	-

The above borrowings include $246,948 payable in accordance with the DOCA. This amount is payable as soon as practicable after reinstatement of the Group to quotation on the ASX. The above amounts are unsecured and interest free.

14. Employee benefits

	2018 $	2017 $
Current		
Annual Leave	**103,288**	161,625
Long Service Leave	**45,072**	-
Total current	**148,360**	161,625
Non-current		
Long Service Leave	**6,441**	50,314
Total employee entitlements	**154,801**	211,939

Notes to the financial statements (continued)

15. Capital and reserves

	No.	$
30 June 2018		
Balance at the beginning of the financial period - 1 July 2017 (fully paid)	**359,131,459**	14,361,745
Veriluma Limited shares unissued (fully paid)[1]	**349,636,000**	1,048,908
Conversion of Performance A shares	**7**	-
Total Veriluma Limited ordinary shares at the end of the period	**708,767,466**	15,410,653

30 June 2017		
Fully paid ordinary shares		
Balance at the beginning of the financial period - 1 July 2016	**271,429**	423,109
Veriluma Software Pty Ltd ordinary shares surrendered	**(271,429)**	-
Veriluma Limited shares issued to the shareholders of Veriluma Software Pty Ltd	**162,857,400**	13,737,266
Veriluma Limited shares held by the shareholders of Parmelia Resources Limited	**193,389,516**	-
Shares issued in settlement of liability	**2,857,143**	200,000
Exercise of options	**27,400**	1,370
Total Veriluma Limited ordinary shares on issue at the end of the period	**359,131,459**	14,361,745

As at 30 June 2018 Veriluma Limited has 30,000,000 performance shares on issue which will convert to ordinary shares subject to various milestones being achieved and conditions satisfied (see note 16).

[1] The funds raised were used to enable the Company to satisfy an obligation under the Joint Deed of Company Arrangement (DOCA) executed by the Company and Veriluma Software Pty Ltd entered into on 12 March 2018 and wholly effectuated on 28 June 2018 and to provide funds for the Company to continue to trade and enable it to execute on the commercialisation of its product development programmes, specifically the advancement of the prescriptive analytic technology. The remaining balance of $51,092 of the capital to be raised under the DOCA was received post 30 June 2018 and all the shares were issued on 30 July 2018.

16. Equity

Performance shares

The issue of the 30,000,000 performance shares is contingent on achieving the following milestones:

30 June 2018	**Performance Milestone**
15,000,000 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 million.
15,000,000 C Performance Shares	C 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 million.

As at 30 June 2017, there were 40,000,000 performance shares on issue, 10,000,000 lapsed during the 2018 year due to the respective performance milestone not being reached. The A Performance Shares have lapsed as the milestone was not satisfied on or before the 2nd anniversary of the issue of the A Performance Shares, as a result the entire holding of each holder of A Performance Shares is converted to one fully paid ordinary share. The full terms and conditions are set out in Schedule 1 of the Notice of Meeting released to the ASX on 10 June 2016.

Notes to the financial statements (continued)

16. Equity (continued)

30 June 2017	**Performance Milestone**
10,000,000 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 million.
15,000,000 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 million.
15,000,000 C Performance Shares	C 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 million.

Share option program

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.

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.

Options issued

At 30 June 2018 Veriluma Limited had 1,000,000 exercisable unlisted options on issue.

At 30 June 2017 Veriluma Limited had 5,500,000 exercisable listed and unlisted options on issue.

Unlisted Options

The fair value of unlisted options has been determined at acquisition date. The share price at acquisition date of $0.08 has been used in the valuation. A volatility factor of 60% based on historical share price information of comparable companies and a risk-free interest rate of 1.45% - 1.49% (depending on the remaining term of the options) has been used. These options have no vesting period. The unlisted options comprise the following:

	Number	**Exercise price**	**Fair Value**	**Expiry date**
Director options 2	4,500,000	$0.064	$125,550	31/10/2017
Director options 3	1,000,000	$0.109	$25,400	08/09/2019

Expired options

During the period ending 30 June 2018, 4,500,000 unlisted options with an acquisition date fair value of $125,550 expired, the acquisition date fair value has been transferred from the option reserve to accumulated losses.

During the period ending 30 June 2017, 20,441,667 of the unlisted options with an acquisition date fair value of $76,744 expired and the 44,354,509 listed options with an acquisition date fair value of $1,984,353 expired. The acquisition date fair value has been transferred from the option reserve to accumulated losses.

Notes to the financial statements (continued)

17. Loss per share

	2018	2017
	No.	No.
Issued ordinary shares at 1 July	**359,131,459**	162,857,400
Share movements on acquisition	**-**	159,127,635
Effect of share options exercised	**-**	22,217
Effect of shares issued	**2,873,725**	-
Weighted-average number of ordinary shares at 30 June	**362,005,184**	322,007,252

The effects of potential ordinary shares are only included in the diluted earnings per share where their inclusion would increase the loss per share or decrease the earnings per share. For the period ended 30 June 2018, 1,000,000 options and 30,000,000 performance shares were excluded from the diluted weighted average number of ordinary shares as their effect would have been anti-dilutive.

18. Key Management Personnel Remuneration

Key management personnel remuneration included within profit or loss for the year is shown below:

	2018	2017
	$	$
Cash salary and fees	**231,704**	337,155
Share based payments	**6,028**	-
Post employment benefits	**22,013**	32,030
Long term employment benefits	**(65,281)**	17,666
Total	**194,464**	386,851

Non-Executive Directors are entitled to $10,000 per annum equivalent, non-performance related, share based remuneration. Conversion to shares is based on the following terms:

(a) eligibility is from commencement as a Non-Executive Director and the director continues to be eligible while engaged as a Non-Executive Director
(b) initial shares will be allocated once approved at the 2018 Annual General Meeting
(c) subsequent shares will be ratified for conversion bi-annually in December and June and final approval of the allocation by shareholders would be sought at the relevant Annual General Meeting
(d) initial shares will be allocated per the below pricing;
    (i) while the shares are suspended from quotation on the ASX, the shares will be allocated in line with the most visible pricing. If the shares are quoted on the ASX, the shares will be allocated at the volume weighted average price for the respective month
    (ii) For the period 12 March 2018 to 31 March 2019 the shares will be priced at the DOCA capital raise price being $0.003 per share

The total non-performance related share-based payment accrual included in total key management personnel remunerations is as follows:

Non-Executive Director	**Appointment date**	**Year-end**	**Total Days Entitled**	**Annual Fee ($)**	**Pro-Rata Accrual ($)**
John Welsh	12/03/2018	30/06/2018	110	10,000	3,014
Arunava Sengupta	12/03/2018	30/06/2018	110	10,000	3,014
					6,028

Notes to the financial statements (continued)

19. Auditors' Remuneration

	2018	2017
	$	$
Remuneration of the auditor KPMG (2017: KPMG), for:		
- auditing and reviewing the financial statements	**88,938**	55,375

20. Interests in Subsidiaries

Composition of the Group

	Principal place of business / Country of Incorporation	**Percentage Owned (%)* 2018**	**Percentage Owned (%)* 2017**
Subsidiaries:			
Toro Mining Pty Ltd[1]	Australia	0	100
Veriluma Software Pty Ltd [2]	Australia	100	100
St Nicholas Mines Pty Ltd	Australia	100	100
Niquaero LLC	Mongolia	100	100

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

[1]Toro Mining Pty Ltd was disposed of during the year, see note 6.

[2] Veriluma Software Pty Ltd acquired the Group through a reverse acquisition on 8 September 2016, see note 12.

21. Provisions

The Board of Veriluma Limited and its subsidiary Veriluma Software Pty Ltd appointed Jamieson Louttit and Associates as Administrators effective 15th November 2017 pursuant to section 447A of the Corporations Act. On the 15th December 2017 Jamieson Louttit and Associates was retired as Administrator and Jirsch Sutherland was appointed. On 12th October 2018, Jamieson Louttit and Associates lodged a Form 16 Notice of Intention to Apply for Remuneration with the Federal Court of New South Wales against Veriluma Limited and its subsidiary Verliuma Software Pty Ltd. The Directors have determined that the maximum remuneration payable per the claim is $87,500 inc GST. A liability of $87,500 has been recognised by the Group for the fees claimed by Jamieson Louttit and Associates. (2017: None)

Notes to the financial statements (continued)

22. Cash Flow Information

Reconciliation for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2018 $	2017 $
Net Loss	**(1,537,469)**	(14,424,084)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit / (loss)		
- depreciation and amortisation	**1,468**	2,660
- impairment of related party loans	**10,259**	134,557
- impairment of trade and other receivables	**61,017**	-
- listing expense on acquisition of PML	**-**	12,371,376
- creditor relief	**(452,949)**	-
Share of net profits of equity accounted associates and joint ventures	**(158)**	(1,663)
Changes in assets and liabilities:		
- (increase) / decrease in trade and other receivables	**218,185**	(212,485)
- (increase) / decrease in non-current and other assets	**12,683**	(12,234)
- (increase) / decrease in prepayments	**42,661**	(40,710)
- increase / (decrease) in trade and other payables	**39,479**	(161,991)
- increase / (decrease) in employee benefits	**(57,138)**	52,331
Cashflows from operations	**(1,661,962)**	**(2,292,243)**

23. Events after the Reporting Date

Subsequent to year end the Group submitted a proposal to the Department of Defence to in relation to the transformation of data into value-added intelligence.

In February 2019, the Group signed a contract which will generate up to $1.97m in revenue over 3 years, with an option to extend for a further 2 years, to supply software and services to the Australian Department of Defence. This contract commenced in March 2019.

Additionally, in March 2019, the Company received commitments from several sophisticated and professional investors for an aggregate of $500,000 financing by way of a short-term convertible note facility (Facility) which was entered into on the 28th March 2019. As at the end of April 2019 the Facility was drawn to $310,000. The convertible notes issued will be convertible on or before 28 March 2020 at a conversion price of not less than $0.002. Conversion is subject to obtaining shareholder approval. The funds will be used as working capital to allow the company to drive sales and deliver its prescriptive analytics software.

The key terms and conditions of the convertible notes are as follows:

Securities	Convertible Notes (**Notes**) with a face value equal to A$1.10 per Note (**Face Value**).
Principal	Aggregate of $500,000
Purchase Price	Each Note has a purchase price of A$1.00

Notes to the financial statements (continued)

23. Events after the Reporting Date (continued)

Advances	Each Advance must be made within 7 days of the Company's request.
Conditional	The Notes are not convertible until Shareholder Approval (defined below) has been obtained. Notes issued prior to Shareholder Approval are loan notes only and are to be exchanged for convertible notes on Shareholder Approval being obtained.
Maturity Date	28 March 2020
Interest Rate	10% per annum
Interest Payments	Bi-monthly in arrears in cash from the date of the relevant Advance until converted or redeemed
Conversion Price	The higher of: (a) A$0.002 (**Fixed Conversion Price**); or (b) 80% of the volume weight average price of the Company's fully paid ordinary shares (**Shares**) as traded on ASX on the 5 trading days immediately prior to the date of giving the Conversion Notice.
Conversion Securities	That number of fully paid ordinary shares in the capital of the Company (**Shares**) equal to the Face Value being converted divided by the Conversion Price, together with one option to acquire a Share (**Option**) for every two Shares issued. Each Option will have an exercise price equal to the Conversion Price and an expiry date of 3 years from the date of issue.
Redemption	The Company may redeem the Notes in full at: (a) 105% of the Face Value if repaid within 30 days of the Advance Date; (b) 110% of Face Value if repaid later than 30 days and within 6 months of the Advance Date; or (c) 120% of Face Value if repaid later than 6 months after the Advance Date.
Events of Default	If an event of default occurs (event of insolvency of the Company or any of its subsidiaries, default under the agreement, or the Company's securities not being reinstated to trading on ASX by 15 June 2019), the Lender may demand repayment of the Notes within 30 days.

Notes to the financial statements (continued)

23. Events after the Reporting Date (continued)

Shareholder Approval	The Borrower must convene a shareholder meeting to be held within 90 days of the date of execution of the term sheet to seek shareholder approval for the issue of all Notes relating to Advances (**Shareholder Approval**). In the event the Shareholder Approval expires before the issue of all Notes, the Company must convene a further meeting within 60 days of the date of expiry of the Shareholder Approval.
Adjustments	If the Company issues Shares below the Fixed Conversion Price, excluding Shares issued under the Facility agreement, the Fixed Conversion Price will be amended down to 20% less than that issue price. In addition, where the Company conducts a reorganisation of capital (as defined in the ASX Listing Rules), the number of securities or the Conversion Price or both must be reorganized so that the holder of the Notes will not receive a benefit that holders of Shares do not receive.
Security	Repayment of the Notes will be secured over all present and after acquired property of the Company and, if required by the Lender, the Company's wholly owned subsidiary, Veriluma Software Pty Ltd (ACN 117 490 785).

Further the Group resolved to enter into a Corporate Advisory Mandate in March 2019 with King Corporate Pty Ltd, to assist with potential capital raising including the short-term convertible notes, this mandate is for a period of six months, the terms of which are as follows:

- First right of refusal to be engaged by the Group for any future capital raising in the twelve months preceding the acceptance of the Mandate
- Lump Sum costs of $25,000 were paid within 7 days of acceptance of the Corporate Advisory Mandate, additionally on the 4th April 2019 the Group issued 10,000,000 fully paid ordinary shares and 20,000,000 options to acquire shares exercisable at $0.003 with an expiry date of 4th April 2022 from the date of issue.

On 4th April 2019, the first right of refusal was exercised by King Corporate Pty Ltd to propose a capital raising of up to $2,500,000 with a minimum of $2,300,000 by way of an issue of up to 833,333,333 fully paid ordinary shares in the Group at an issue price of $0.003 per share to sophisticated and professional investors. This is subject to shareholder approval and ASX confirmation of reinstatement of the Group's securities to trading.

Other than the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Notes to the financial statements (continued)

24. Parent entity

The following entity has been extracted from the books and records of the parent, Veriluma Limited, and has been prepared in accordance with Accounting Standards. The financial information for the parent entity, Veriluma Limited, has been prepared on the same basis as the consolidated financial statements.

	2018	2017
	$	$
Statement of Financial Position		
Assets		
Current assets	**4,507**	399,890
Non-current assets	**-**	200,000
Total Assets	**4,507**	599,890
Liabilities		
Current liabilities	**695,685**	412,044
Total liabilities	**695,685**	412,044
Net Assets	**(691,178)**	187,846
Equity		
Issued Capital	**15,410,652**	14,361,745
Accumulated losses	**(16,127,230)**	(14,324,851)
Reserves	**25,400**	150,950
Total Equity	**(691,178)**	187,844
Statement of Profit or Loss and Other Comprehensive Income		
Loss for the year	**(1,927,929)**	(14,577,412)
Total comprehensive income	**(1,927,929)**	(14,577,412)

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2018 or 30 June 2017.

25. Operating Leases

Leases as lessee

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are payable as follows:

	2018	2017
	$	$
Less than one year	-	50,625
Between one and five years	-	14,153
More than five years	-	-
	-	64,778

The Group disclaimed all leases effective from the date the Group entered Voluntary Administration.

Notes to the financial statements (continued)

26. Financial Risk Management

Financial risk management objectives and policies

The Group's financial instruments comprise deposits with banks, receivables, other deposits, trade and other payables and from time to time short term loans from related parties. The Group does not trade in derivatives or in foreign currency.

The Group manages its risk exposure of its financial instruments in accordance with the guidance of the audit and risk management committee and the Board of Directors. The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. This note presents information about the Group's exposure to each of these risks, its objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board has overall responsibility for the establishment and oversight of the risk management framework. Informal risk management policies are established to identify an analyse the risks faced by the Group. The primary responsibility to monitor the financial risks lies with the CEO and the Company Secretary under the authority of the Board.

Credit Risk

Credit risk arises mainly from the risk of counterparties defaulting on the terms of their agreements.

The carrying amounts of the following assets represent the Group's maximum exposure to credit risk in relation to financial assets:

	2018	2017
	$	$
Cash and cash equivalents	**473,855**	362,273
Trade and other receivables	**313,381**	514,072
Total	**787,236**	876,345

The Group mitigates credit risk on cash and cash equivalents by dealing with regulated banks in Australia.

Trade and other receivables

Credit risk of trade and other receivables is low as it usually consists predominantly of amounts recoverable from taxation and other government authorities in Australia. The Trade and other receivables included a receivable from Legal Logix Holdings Pty Ltd totalling $10,259 this been fully written off at 30 June 2018. The Trade and other receivables included the balance of the Toro Mining Pty Ltd share sale proceeds receivable from the purchaser of $61,017, the amount was fully impaired as it is unlikely to be recovered. The remaining balance of trade and other receivables are not impaired, and the Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity management rests with the Board. The Group monitors rolling forecasts of liquidity on the basis of expected fund raisings, trade payables and other obligations for the ongoing operation of the Group.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

Notes to the financial statements (continued)

26. Financial Risk Management (continued)

	Carrying amount $	Contractual cash flows $	Less than one year $	Between one and five years $	Interest $
30 June 2018					
Trade and other payables	(376,723)	(376,723)	(376,723)	-	-
Borrowings	(317,663)	(317,663)	(317,663)	-	-
Provisions	(87,500)	(87,500)	(87,500)	-	-
	(781,886)	(781,886)	(781,886)	-	-
30 June 2017					
Trade and other payables	(387,244)	(337,244)	(337,244)	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market Risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return.

Interest rate risk

The Group's income statement is affected by changes in interest rates due to the impact of such changes on interest income from cash and cash equivalents and interest-bearing security deposits. The average interest rate on funds held during the year was nil%.

Sensitivity analysis
A change of 100 basis points in interest rates throughout the reporting period would not have increased (decreased) profit or loss by a significant amount.

At balance date, the Group had the following mix of financial assets exposed to variable interest rate risk.

	2018 $	2017 $
Financial assets		
Cash and cash equivalents	**473,855**	362,273
Net exposure	**473,855**	362,273

The Group did not have any variable interest rate financial liabilities in the current or prior year.

The Group does not have interest rate swap contracts. The Group always analyses its interest rate exposure when considering the renewals of existing positions including alternative financing.

Notes to the financial statements (continued)

26. Financial Risk Management (continued)

Currency risk

The Consolidated entity is not exposed to any foreign currency risk as at 30 June 2018 (2017: nil)

Capital management

The Board's policy is to maintain a strong capital base, where possible, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group is not subject to externally imposed capital requirements.

Estimation of fair values

The carrying amounts of financial assets and liabilities approximate their net fair values, given the short time frames to maturity and or variable interest rates.

27. Statutory Information

The registered office and principal place of business of the Company is:

Veriluma Limited
Level 3
33 Atchison Street
St Leonards NSW 2065

Directors' declaration

1. In the opinion of the directors of Veriluma Limited (the Company):

   (a) The consolidated financial statements and notes that are set out on pages 17 to 44 and the Remuneration report in set out in pages 10 to 15 in the Directors' report, are in accordance with the Corporations Act 2001, including:
   - (i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance, for the financial year ended on that date; and
   - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2018.

3. The directors draw attention to Note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated at Gold Coast 15 May 2019

John Welsh
Director

Independent Auditor's Report

To the shareholders of Veriluma Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Veriluma Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2018
- 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 including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of Veriluma Limited (the Company) and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1, "Going Concern" in the financial report. The conditions disclosed in Note 1, indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. Our approach to this involved:

- Evaluating the feasibility, quantum and timing of the Group's plans to raise additional shareholder funds to address going concern;
- Assessing the Group's cash flow forecasts for incorporation of the Group's operations and plans to address going concern, in particular in light of the recent history of loss making operations;
- Determining the completeness of the Group's going concern disclosures for the principal matters casting significant doubt on the Group's ability to continue as a going concern, the Group's plans to address these matters, and the material uncertainty.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the Key Audit Matter.

Accounting for the Effectuation of the Deed of Company Arrangement ("DOCA"): Creditor Relief Income (AUD $452,949), Voluntary Administration Expense (AUD $875,933) and Borrowings (AUD $317,663)	
Refer to Note 4 'Creditor relief', Note 5 'Expenses arising from Voluntary Administration and the DOCA' and Note 13 'Borrowings'	
The key audit matter	**How the matter was addressed in our audit**
On 15 November 2017, the Group appointed a Voluntary Administrator, Jamieson Louttit & Associates, and entered into a period of administration. Jamieson Louttit & Associates was formally retired on 15 December 2017 with a	Our procedures included: • Reading the DOCA to understand the key terms and conditions for us to focus our further procedures. We also clarified elements of our understanding of the DOCA through inquiries with the Voluntary

replacement Voluntary Administrator, Jirsch Sutherland, appointed. A DOCA was executed on 12 March 2018 and wholly effectuated on 28 June 2018. The Group was in administration during the financial year ended 30 June 2018 until the effectuation of the DOCA. The effectuation of the DOCA is a key audit matter owing to the: • Significant impact it had on the financial position and performance of the Group as at and for the year ended 30 June 2018; and • Audit effort required in assessing the underlying transaction records. We focussed on the following key features of the DOCA and the relationship to the Group's accounting in their financial records and financial reporting thereof: • Recapitalisation of the Group, through the issue of ordinary shares; • Certain liabilities of the Group derecognised and transferred to the Creditors' Trust to be administered by the Voluntary Administrator for the benefit of the creditors. The Group recognised an associated creditor relief income amount; • Transfer of specified cash assets to the Creditors' Trust; and • Establishment of repayment terms in relation to loans and borrowings provided by related parties to fund the administration and DOCA periods. We also focussed on the voluntary administration expense incurred during the administration period owing to the significant impact it had on the financial performance of the Group.	Administrator, Jirsch Sutherland; • Evaluating the methodology used by the Group to account for the effectuation of the DOCA against the relevant accounting standard requirements; • Checking the receipt of proceeds from share capital issued during the period to the Group's bank statements; • Assessing creditor relief income recognised as a result of the effectuation of the DOCA. We did this by testing creditor relief income transaction amounts to proof of debt reconciliations provided by the Voluntary Administrator. We also checked the liability amounts associated with the creditor relief income were appropriately derecognised by the Group, and for consistency with the requirements of the relevant DOCA terms and conditions; • Checking the transfer of the Group's specified cash assets to the Creditor's Trust to the terms and conditions of the DOCA and the Group's bank statements; • Assessing the completeness and accuracy of loans and borrowings associated with the effectuation of the DOCA. We did this by obtaining confirmations of balances and repayment terms directly from related parties; • Testing voluntary administration expense recognised during the administration period. We did this by testing a sample of expense transactions to underlying source documents such as legal documentation and information lodged with ASIC by the Voluntary Administrator; • Assessing the adequacy of the Group's disclosures in respect of the effectuation of the DOCA against the requirements of the relevant accounting standards and our knowledge of the related transactions.

Other Information

Other Information is financial and non-financial information in Veriluma Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our Auditor's Report.

KPMG

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Veriluma Limited for the year ended 30 June 2018, complies with *Section 300A of the Corporations Act 2001*.

Directors' responsibilities

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 responsibilities

We have audited the Remuneration Report included in pages 10 to 15 of the Directors' report for the year ended 30 June 2018.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Adam Twemlow

Partner

Gold Coast

15 May 2019

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES
30 JUNE 2018

ASX Additional Information

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 9th April 2019.

Twenty largest shareholders

Shareholders	Number of Ordinary Shares Held
MS ELIZABETH WHITELOCK	45,156,001
MR PAUL JOSEPH COZZI	33,583,333
MANEKI PTY LTD	32,835,901
MR SEAN ROBERT MUFFET	31,000,000
CORBY INVESTMENTS PTY LTD <THE ANSTEY FAMILY A/C>	26,308,101
CORBY INVESTMENTS PTY LTD <ANSTEY SUPER FUND A/C>	25,000,000
FIRST ONE REALTY PTY LTD	25,000,000
MR PETER DAVID KOLLER	19,080,685
SMONGO PTY LTD <SMONGO SUPER FUND A/C>	18,560,000
HAMMOND PSF PTY LTD	18,000,000
MR BRADLEY MAXWELL NOTTLE + MRS KYLIE ANN NOTTLE	17,333,333
MR PAUL COZZI	17,029,239
A22 PTY LIMITED	16,666,667
MS LAURA BAILEY	16,666,667
FORMICA INVESTMENTS PTY LTD <FORMICA FAMILY SUPER FUND>	16,666,667
STEVSAND INVESTMENTS PTY LTD <STEVEN FORMICA FAMILY A/C>	16,666,667
MR PAUL JAMES MADDEN	12,532,187
MR ANDREW WILLIAM BLACKMAN	12,400,000
MR RUSSELL NEIL CREAGH	12,394,166
RONAY INVESTMENTS PTY LTD	11,674,684

Voting rights

Ordinary Shares
On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options
No voting rights.

Distribution of equity security holders

Holding	No of Shareholders
1 - 1,000	24
1,001 - 5,000	14
5,001 - 10,000	88
10,001 - 100,000	316
100,001 Over	303
Total	**745**

There were 262 holders of less than a marketable parcel of shares.

Additional information for listed public companies (continued)

Unissued equity securities

20,000,000 Options, exercise price 0.003 cents, expiring 4 April 2022
1,000,000 Options, exercise price of 10.93 cents, expiring 8 September 2019
15,000,000 Class B Performance Shares
15,000,000 Class C Performance Shares

Securities exchange

The Company is listed on the Australian Securities Exchange.

Use of funds

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