

VERILUMA

2 April, 2019

ASX Announcement

Veriluma secures commitment for \$500k by way of Convertible Note Facility

Veriluma Limited (ASX: VRI, Veriluma or Company), one of Australia's leading Artificial Intelligence companies providing prescriptive analytics software solutions, is pleased to announce that the Company has received commitments from several sophisticated and professional investors for an aggregate of \$500,000 financing by way of a convertible note facility (**Facility**).

The convertible notes to be issued pursuant to the Facility (**Notes**) 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. A summary of the key terms of the Facility is attached.

The funds will be used as working capital to allow the Company to continue to drive sales and to deliver its prescriptive analytics software to clients.

Veriluma Chairman John Welsh commented:

"On behalf of the Board, I would like to thank the investors for providing access to funds and to thank our existing shareholders for their continued support. This funding is key for the Company to improve and continue its business operations whilst in suspension. The Board and I look forward to progressing Veriluma's existing contracts and for its future re-quotations on the ASX."

For more information, please contact:

Investor Enquiries:

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www.veriluma.com

About Veriluma and Prescriptive Analytics:

Veriluma has developed and patented an advanced algorithm dealing in Prescriptive Analytics. Prescriptive Analytics is a form of advanced, forward-looking analytics, which provides assessments about future outcomes. Although most types of analytics aim to assist and improve in the decision making process, only Prescriptive Analytics delivers a preferred course of action. Developed by a Commonwealth Research Centre for the Australian Defence Intelligence Organisation, which has been utilising Veriluma's technology since 2013, Veriluma's software assists decision makers with rapid and accurate assessments of terrorism and national security threats using its patented technology.

In complex decision making situations, the ability to comprehensively manage incomplete or uncertain inputs is highly valuable for businesses, governments and individuals. Orbis Research estimates that the Artificial Intelligence/Prescriptive Analytics market is currently worth US\$4.6b, and will grow over the next 5 years at a CAGR of 22%, to reach an estimated US\$20b by 2020. Currently, 10% of organisations have some form of prescriptive analytics and this is expected to grow to 35% by 2020. ¹Source: Gartner Forecast Snapshot: Prescriptive Analytics, Worldwide, 2016; 5 February 2016

Veriluma's software has wide application across multiple industries including banking and financial services, insurance, defence and national security, legal and health.

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Annexure – Key terms of Facility

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.

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<p>Redemption</p>	<p>The Company may redeem the Notes in full at:</p> <ul style="list-style-type: none"> (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.
<p>Events of Default</p>	<p>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.</p>
<p>Shareholder Approval</p>	<p>The Borrow 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).</p> <p>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.</p>
<p>Adjustments</p>	<p>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.</p> <p>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.</p>
<p>Security</p>	<p>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).</p>

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