

17 May 2019

ASX Announcement

March 2018 Quarterly Activities Report

Veriluma Limited (ASX: VRI, Veriluma or Company) one of Australia's leading Artificial Intelligence companies providing prescriptive software solutions is pleased to provide an update on its activities for the quarter ended 30 March 2018.

Corporate Update

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

On the 12th March 2018, the Company entered into a Deed of Company Arrangement with Mr Sule Arnautovic and Ms Amanda Young of Jirsch Sutherland as Deed Administrators and Canary Capital Pty Ltd as the Proponent.

A new board of directors was appointed.

Mr John Welsh was appointed as Non-Executive Chairman on the 12th March 2018.

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.

Mr Arunava Sengupta was appointed as Non-Executive Director on the 12th 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

Financial Overview

For the quarter, the Company's net operating cash outflow was \$64,000. Estimated cash outflow for the next quarter is \$782,000. The Company's cash position at 31 March 2018 was \$4,000

For more information, please contact:

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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 proprietary technology based on Prescriptive Analytics.

In complex decision making situations, the ability to comprehensively manage incomplete or uncertain inputs is highly valuable for businesses, governments and individuals. ¹The Prescriptive Analytics software market is expected to reach US\$1.1 billion in the next 3 years, with a 22% Compound Annual Growth Rate (CAGR) from 2016. 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 applications across multiple industries including banking and financial services, government, defence and national security, insurance, legal, health, pharmaceutical and resources.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Veriluma Limited

ABN

48 142 901 353

Quarter ended ("current quarter")

31 March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	9
1.2 Payments for		
(a) research and development	(25)	(264)
(b) product manufacturing	-	-
(c) advertising and marketing	-	(85)
(d) leased assets	-	-
(e) staff costs	(20)	(283)
(f) administration, corporate costs and operating costs	(19)	(597)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	402
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(64)	(820)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(3)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	410
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Exploration assets	-	-
2.6 Net cash from / (used in) investing activities	-	407

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	64	115
3.6 Repayment of borrowings	-	(60)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Bank Guarantee	-	-
3.10 Net cash from / (used in) financing activities	64	55

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	4	362
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(64)	(820)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	407
4.4 Net cash from / (used in) financing activities (item 3.10 above)	64	55

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Cash and cash equivalents through acquisition	-	-
4.6	Cash and cash equivalents at end of quarter	4	4

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4	4
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4	4

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

Current quarter \$A'000
-
-

- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

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7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

Current quarter \$A'000
-
-

- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	(40)	(0)
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		


Veriluma Software Pty Ltd ANZ Overdraft

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	53
9.2 Product manufacturing	-
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	111
9.6 Administration, corporate costs and operating costs	618
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows*	782

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	Toro Mining Pty Ltd
10.2 Place of incorporation or registration	-	Perth, Western Australia
10.3 Consideration for acquisition or disposal	-	\$450,000
10.4 Total net assets	-	\$1,767,138
10.5 Nature of business	-	Mining

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 16th May 2019
(Director)

Print name: ..Elizabeth A Whitelock.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.