

Preliminary Final Appendix 4E Report of Verus Investments Limited

for the Financial Year Ended 30 June 2007

ABN 59 009 575 035

Reporting periods:

Current Reporting Period: Financial Year ended 30 June 2007

Previous Corresponding Period: Financial Year ended 30 June 2006

Revenue and Net Loss

		Percentage Change %		Amount \$
Revenue from ordinary activities	Up	12.59%	To	8,050
Loss from ordinary activities after tax attributable to members	Down	178.28%	To	(182,414)
Loss attributable to members	Down	178.28%	To	(182,414)

Brief explanation of Revenue Net Loss and Dividends

See the attached review of operations in the Directors Report.

Dividends

	Amount per security	Franked amount per security
Final dividend	-¢	-¢
Interim dividend	-¢	-¢
Record date for determining entitlements to the dividend:		
• final dividend		N/A
• interim dividend		N/A

Net Tangible Assets Per Security

	2007 ¢ per share	2006 ¢ per share
Net tangible assets per security	0.99	3.36

Commentary on results

See attached Director Report.

Information on Audit

The financial statements have been audited and are not the subject of dispute or qualification. This Preliminary Final Report is provided to the Australian Securities Exchange (ASX) under the ASX listing rule 4.3A

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**VERUS INVESTMENTS
LIMITED**
A.B.N. 59 009 575 035

ANNUAL REPORT

FOR

THE FINANCIAL YEAR ENDED

30 JUNE 2007

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Verus Investments Limited

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Verus Investments Limited

Corporate Governance Statement

Introduction

The ASX Listing Rule 4.10.3 requires listed companies to disclose in their Annual Report the extent to which they have complied with the ASX Best Practice Recommendations of the ASX Corporate Governance Council in the reporting period.

This statement summarises our corporate governance practices. It is structured along the same lines as the Council's guidelines, with sections dealing in turn with each of the Council's 10 corporate governance principles. The various codes, policies and charters referred to in this statement are all posted on the Verus website, www.verusinvestments.com.au, and shareholders and other interested readers are welcome to refer to them. The Board will keep its corporate governance practices under review.

1. Lay solid foundations for management and oversight

The ASX Corporate Governance Council states that a Company should "Recognise and publish the respective roles and responsibilities of board and management." Verus has adopted a formal Board Charter that sets out the functions reserved to the board and those delegated to the Managing Director.

Specifically the board is responsible for:

- Oversight of the Company, including its control and accountability systems;
- Appointing, monitoring, managing the performance of, and if necessary terminating (the employment of) the Chief Executive Officer;
- Ratifying the appointment and, if necessary, terminating (the employment) of the chief financial officer and the Company secretary;
- Input, assessment, appraisal and final approval of management's development of corporate strategy and performance objectives;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance;
- Monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available to undertake those strategies;
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- Approving and monitoring financial and other reporting (including audit matters); and
- Recruitment, remuneration, performance review and succession plans for the Company Board.

The Board has delegated responsibilities and authorities to management to enable management to conduct the Company's day to day activities. Matters which exceed certain defined authority limits, require Board approval.

2. Structure the Board to add Value

The ASX Corporate Governance Council states that a Company should "Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties." Verus' board is so structured, and its directors have adequately discharged their responsibilities and duties to the benefit of shareholders.

The Board comprises three non-executive Directors and one executive director who is also the Managing Director. A fundamental requirement for the Verus board is a deep understanding of investment, managing businesses and financial markets. All board members meet this requirement, and bring a diverse range of skills, and backgrounds. The experience and qualifications of each Board member and their terms of office are set out in the Directors' Report. All Directors, apart from the Managing Director, are subject to re-election by rotation within every three years.

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Independence

The board considers an independent director to be a non-executive director who meets the criteria for independence included in the ASX Best Practice Recommendations. The Board considers that David Calcei and Greg Lee meets these criteria. Given that Verus is an investment Company with wide interests the Directors report on any potential, material conflicts and the affected Director will absent themselves for that item. The decision is then minuted.

Director Access to Independent Professional Advice

Verus Directors may also seek external professional advice at the expense of the Company on matters relating to their role as directors of Verus. However, they must first request approval from the Chairman, which must not reasonably be withheld. If withheld then it becomes a matter for the whole board.

Board Committees

The full Board consists of only 4 Directors and has formed the view that it is more efficient for the board as whole to deal with Audit, Remuneration and Nomination Committee functions. To ensure the integrity of these functions the board has included reference to these in the board charter and put in place measures discussed below.

3. *Promote ethical and responsible decision making*

The ASX Corporate Governance Council states that a Company should, “Actively promote ethical and responsible decision making”. Verus has formally adopted a Code of Conduct. The Code of Conduct is based on respect for the law and acting accordingly, dealing with conflicts of interest appropriately, and ethical matters such as acting with integrity, exercising due care and diligence in fulfilling duties, acting in the best interests of the Company and respecting the confidentiality of all confidential information.

Verus also has documented share trading policy for Directors and Executives. The policy prohibits short term trading in the Company’s securities and Directors and employees are prohibited from dealing in the Company’s securities whilst in possession of price sensitive information. It specifies periods for transactions which broadly includes within one month of results announcements, reports and general meetings and any period where a prospectus has been issued.

4. *Safeguard integrity in financial reporting*

The ASX Corporate Governance Council states that a Company should, “Have a structure to independently verify and safeguard the integrity of the Company’s financial reporting.” Verus believes that it has appropriate measures in place which includes the management accounts being prepared by an external firm (which is independent of the Company and the external auditor), the Managing Director and Company Secretary providing letters of assurance to the board for the accounts, engagement of an external auditor, rotation of the engagement audit partner, and a Company risk management plan in place.

5. *Make timely and balanced disclosure*

The ASX Corporate Governance Council states that a Company should, “Promote timely and balanced disclosure of all material matters concerning the Company.” Verus is committed to the promotion of investor confidence by ensuring that trading in the Company’s securities takes place in an informed market. In accordance with continuous disclosure requirements under the ASX Listing Rules, the Company has documented procedures in place to ensure that all price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner, in addition to changes in Directors’ interests in the Company.

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6. Respect the rights of shareholders

The ASX Corporate Governance Council states that a Company should, “Respect the rights of shareholders and facilitate the effective exercise of those rights”. In addition to a documented procedure for continuous disclosure, Verus has a website which provides access to all recent ASX announcements, recent disclosure documents (e.g. prospectuses, notice of meeting explanatory memorandums, annual reports) and key contact details. Shareholders meetings also represent a good opportunity for shareholders to meet with the board of Verus.

7. Recognise and manage risk

The ASX Corporate Governance Council states that a Company should, “Establish a sound system of risk and oversight and management and internal control”. Verus maintains documented policies for identifying, assessing and monitoring risk. The Company operates from one location and maintains a dynamic matrix of key risks, ranked for their likelihood and impact, and risk control measures. Some of these measures include a formal authority limits document for management to operate within, a compliance table setting out the company’s obligations and how they are executed, and an IT plan. The Managing Director and the Company Secretary state in writing annually to the board that to the best of their knowledge the integrity of the risk and compliance systems is in place in all material respects.

8. Encourage enhanced performance

The ASX Corporate Governance Council states that a Company should, “Fairly review and actively encourage enhanced board and management effectiveness.” Verus provides new directors with a comprehensive letter on appointment which provides clear guidance on what input is required, and includes materials to assist with an induction to the Company. The performance of the Verus board is reviewed periodically in a written format. Each Director is asked to complete a prepared evaluation form ranking performance against relevant agreed competencies.

9. Remunerate fairly and responsibly

The ASX Corporate Governance Council states that a Company should, “Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined”. A discussion about the Verus policy, along with all remuneration for Directors and executives can be found in the Directors’ report.

10. Recognise the legitimate interests of stakeholders

The ASX Corporate Governance Council states that a Company should, “Recognise legal and other obligations to legitimate stakeholders”. Verus has a responsibility to shareholders and the wider financial community. Verus has a variety of measures in place to support this principle, including the Code of Conduct for compliance (with ethical and legal responsibilities), a compliance plan, a continuous disclosure policy, and a share trading policy.

Verus Investments Limited

Directors' Report

The directors of Verus Investments Limited (the "Company") submit herewith the annual financial report of the Company for the financial year ended 30 June 2007. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

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

Dean Lloyd Gallegos
Simon Fyfe (and Company Secretary)
Anthony John McClure (resigned 25 May 2007)
Warren Dunne (appointed 16 October 2006 and resigned 23 November 2006)
Gregory Lee (appointed 25 May 2007)
David Calcei (appointed 18 June 2007)

The above named directors held office during and since the end of the financial year unless otherwise stated.

Directors' Skills, Experience and Expertise – Current Directors

Mr Dean L Gallegos was appointed to the board on the 11 December 2003. Mr Gallegos has more than 15 years experience in advising micro and small capitalisation companies in respect to capital raisings, acquisitions and investor relations. He was formerly a corporate advisor at a mid-tier stockbroking Company from May 1995 until July 2002 where he advised on seed capital, initial public offerings and secondary market capital raisings.

Mr Simon Fyfe B.Bus FFin was appointed to the board on the 6 December 2005 and Company Secretary since 23 December 2003. Mr. Fyfe is experienced in investment, corporate advisory and commercial management in businesses in Australia and overseas. He has had an active involvement in the growth of various public and private companies. Also an Executive Director of Pacific Ethanol Corp and a Non-Executive Director of InsSync – parent company of SRS Insurance Group who is Australia's leading Lloyd's of London Underwriting Agency.

Mr. Gregory Lee was appointed to the board on the 25 May 2007. Mr. Lee is a highly experienced petroleum engineer with 27 years experience in oil and gas field development, management and operations, petroleum/production engineering and drilling operations. Mr. Lee became a chartered professional engineer in 1987 and is a member of the Institute of Engineers (Australia) and a member of the Society of Petroleum Engineers.

Mr. David Calcei CA B.Bus was appointed to the board on the 18 June 2007. Mr. Calcei is a Chartered Accountant with over 10 years' experience. He is a director of Icon Financial Management, an accounting and tax practice providing taxation, corporate and consultancy services to small to medium sized entities and public companies, principally in the resource sector. He is currently the Company Secretary of the ASX-listed Liberty Resources NL and has assisted various listed companies with their ongoing reporting requirements.

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Directors' Skills, Experience and Expertise – Directors Resigned During the Period

Mr. Anthony J McClure BSc was appointed to the board on the 21 April 2006 and resigned on the 25 May 2007. He is a Geologist with almost 20 years technical, management and financial experience in the resources sector. Also a director of Planet Gas Limited, a coal bed methane company operating in the USA and Australia. Mr McClure is also an alternate director of Bolnisi Gold NL.

Mr Warren Dunne was appointed to the board on the 16 October 2006 and resigned on the 23 November 2006.

Directorships of other listed companies

Directorships of other listed companies held by directors in the last 3 years immediately before the end of the financial year are as follows:

<u>Directors</u>	<u>Company</u>	<u>Period of Directorship</u>
Dean L Gallegos	InterCoal Limited	December 12, 2003 – 15 July, 2006
	Crescent Gold Limited	March 5, 2003 – March 24, 2005
	Morningstar Holdings (Australia) Ltd	August 23, 2006 - present
Anthony J McClure	Bolnisi Gold NL	November 2003 - present
	Planet Gas Ltd	August 2003 – present
	European Gas Ltd	December 2001 - present
Simon Fyfe	Nil	
Warren Dunne	Nil	
Gregory Lee	Nuenco Limited	1 November 2005 - present
David Calcei	Nil	

Principal Activities

Within the context of the Company's Investment Policy, the principal activities of the Company can be summarised as:

- (i) the identification, evaluation and possible execution of investment opportunities thought to be worthwhile for any short, medium or long term purpose, to whatever degree or magnitude deemed appropriate whether or not such opportunities relate to securities listed on a Securities Exchange or directly owned assets of any type; and/or
- (ii) the review of existing investments for determination of the preferred strategy in relation to each investment; and/or
- (iii) consideration of the financing alternatives for the matters set out in items (i) and (ii) above and the implications thereof.

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Review of Operations

The Company's loss after tax for the year was (\$182,414) (2006: profit after tax of \$233,041). During the period the Company appraised several acquisition opportunities. On 13 October 2006 the Company announced it had entered into a conditional agreement to acquire a 74% interest in the Vanamin Vanadium Project located in South Africa. After completing a detailed due diligence and on advice from its consultants, the board concluded it was not in the best interest of shareholders to proceed with this acquisition. The current year loss includes approximately \$208,172 in costs associated with due diligence for an acquisition opportunity reviewed during the period that will not proceed. As a part of the on-going investment activity, during the year the Company invested in various listed company investments, and participated directly in Oil and Gas exploration – (a detailed review and status report is below). The Company continues to seek suitable acquisition opportunities.

St Gabriel 1 Oil and Gas Well – Investment

On 3 January 2007 the Company announced that it had executed a Master Participation Agreement (MPA) with AUS-TEX Exploration, Inc. (AUS-TEX) a wholly owned subsidiary of Austin Exploration Limited (Austin), a company listed on the ASX.

The MPA facilitated an investment by way of a farm-in by Verus to the St Gabriel I well located in Iberville in onshore South Louisiana, some 8 miles southeast of the state capital, Baton Rouge, in the onshore Gulf Coast of Louisiana.

In order for the Company to obtain a 12.5% working interest in the St Gabriel 1, the Company paid AUS-TEX US\$1,590,900 comprising:

- a. 200% of all costs (including land, legal, fees, permits, drilling, completion or plugging and abandoning) associated with the St Gabriel 1 working interest estimated to be US\$1,215,900;
- b. a US\$350,000 land, geological and geophysical fee; and
- c. a US\$25,000 prospect fee relating to the St Gabriel 1 working interest.

Upon assignment of the working interest in St Gabriel 1, the Company is obliged to pay all costs attributable to its percentage interest in St Gabriel 1.

The MPA provides that St Gabriel 1 is burdened with aggregate royalties of 25% which would result in the Company obtaining a net revenue interest of 9.375%. It is also noted that Rio Bravo Energy Partners, LLC has a reversionary 20% working interest which would have the effect of reducing the Company's working interest to 10% and net revenue interest to 7.5% (before deduction of broker fees).

Based upon an independent geological assessment this prospect has a potential recoverable resource range from a low case of 1.82 million barrels of oil and 13.6 billion cubic feet of gas to a high case of 5 million barrels of oil and 36 billion cubic feet of gas.

On 5 and 8 March 2007, Austin reported to the ASX that the St Gabriel 1 well was halted at 10,292 feet after encountering an abnormally high pressure formation. The high pressure formation was not expected and is considered unusual in the St Gabriel field. As a result the target depth of 10,800 feet, which was designed to test the "W" sands, was not achieved. Although it was mechanically possible to continue drilling the St Gabriel 1 well to target depth an additional string of casing would have been required. Austin's drilling engineers estimated the cost of drilling the additional 500 feet to target depth at between \$1.0 million to \$1.3 million. Drilling risk due to the high pressure would still exist if Austin had proceeded and there would have been no guarantee that target depth would have been reached.

In consideration of this Austin thought it technically and economically prudent to release the drilling rig and begin a thorough review of all of the data acquired during the drilling and ascertain the geological reasons leading to this high pressure formation.

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There are a number of options open to the Company and the other parties in respect to the St Gabriel 1 well, these are as follows:

1. Re-enter the existing St Gabriel 1 well at a later date and drill to target depth;
2. Re drill the St Gabriel 1 well from surface utilising a larger drill diameter and setting another casing string from surface. This option will mean that the well will be more expensive to drill but would most probably have a higher degree of success in reaching the “W” formations, but not necessarily guarantee an economic success; or
3. Seek farm-in partners to conduct either 1 or 2 above. This option would dilute the Company’s and the parties equity interests in the St Gabriel 1 well on a pro-rata basis, but would not require any additional funding from the Company.

In light of the data received from drilling St Gabriel 1 to 10,292 feet Austin will also be reviewing its geological interpretation to ensure that the “W” sand remains a valid target.

On the 16 August 2007 Austin informed the Company that it had signed an agreement with a third party an Oil and Gas explorer and Produce, Drillmar Oil and Gas, in respect to Option 3 above. Under the farm-out agreement Drillmar will pursue the re-entry and deepening of the well in an attempt to reach the targeted depth which has diluted the Company net revenue interest to 2%.

Geuymard 1 (previously called St Gabriel II) Well – Investment

On the 24 January 2007 the Company announced that it was proceeding with farming into an additional two wells in conjunction with Austin, namely the Gueymard 1 and S W Edwards wells.

The Geuymard 1 Prospect is located in the onshore Gulf Coast Basin of Louisiana USA.

The Geuymard 1 Prospect was identified by a field study, in which several zones which flowed gas and condensate as well as oil, in 1947 were identified. All but one of these zones were considered to be sub-economic and not produced at the time but they would be commercial at today’s hydrocarbon prices. At the current prices they would have been completed for production. It should also be noted that the then operator of the well, Shell, is a major company and the majors are, and were, predominately interested in large discoveries and large flow rates.

The prospect has been generated by interpretation of 3D seismic, sub-surface mapping and a study of the results of the Shell 10 Gueymard well, which is to be re-entered. This study has identified pay zones which were successfully drill stem tested and produced hydrocarbons, both gas and liquids.

In order for the Company to obtain a 25% working interest in the Geuymard 1, the Company paid AUS-TEX US\$1,591,000 comprising:

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- a. 200% of all costs (including land, legal, fees, permits, drilling, completion or plugging and abandoning) associated with the Geuymard 1 working interest estimated to be US\$1,491,000;
- b. a US\$75,000 land, geological and geophysical fee; and
- c. a US\$25,000 prospect fee related to the Geuymard 1 working interest.

Upon assignment of the working interest in Geuymard 1, the Company is obliged to pay all costs attributable to its percentage interest in Geuymard I.

The MPA provides that Geuymard 1 is burdened with aggregate royalties of 25% which would result in the Company obtaining a net revenue interest of 18.75%. It is also noted that Rio Bravo Energy Partners, LLC has a reversionary 20% working interest which would have the effect of reducing the Company's working interest to 20% and net revenue interest to 15% (before deduction of broker fees).

Operations commenced to re-enter the Geuymard 1 well on 4 June 2007. On 21 June 2007, Austin announced that the analysis of the Halliburton production log had been completed and 55 feet of pay had been identified in the zones logged above the "P" sands. The targeted "U" and "W" zones could not be logged by re-entering due to an obstruction above the P sand and the poor condition of the casing. To reach the "U" and "W" sands a new well will need to be drilled.

As at the date of this report Verus has not been informed as to the progress of production testing in the sands above the "P" sands. Verus has not been advised of a budget to drill a second well to access the targeted "U" and "W" sands. On receipt of that budget the board of Verus will make a decision as to whether it will participate in the drilling of that well.

SW Edwards Prospect Investment

The SW Edwards Creek Prospect is located in the South West Edwards Field in Hinds County some 25 miles south west of the State Capitol, Jackson USA. The Operator of the well is Flex Energy L.L.C. (Flex) of Lafayette, Louisiana USA.

The prospect has been mapped up on 2D and 3D seismic data. A stratigraphic cross section, derived from well logs has also been prepared. Electric log analysis and side wall core analysis of data from nearby and existing wells have high graded the prospect.

SW Edwards Prospect is a re-entry of the existing First Energy Montgomery 29-6 1 well. A study of the results of this well have identified 12ft of by-passed pay in the Rodessa Formation sands. Mapping incorporating new 3D seismic data indicates that the location is structurally high on both the Rodessa Formation and the Sligo Formation, another productive sand in the area. The proposed well will be side tracked from a depth of 7,000ft to intersect the target zones in an up-dip location, approximately 800 ft north west of the surface location. Closure on both the upper and lower Rodessa Formation sands extends over some 670 acres.

The target zones will be intersected approximately 50 ft higher than in the Montgomery 29-6 1 well and some 21 ft of net pay is expected. The Sligo Formation, also productive in the area, will be intersected in a structurally high location.

In order for the Company to obtain a 12.5% working interest in the SW Edwards, the Company paid AUSTEX US\$1,051,250 comprising:

- a. 200% of all costs (including land, legal, fees, permits, drilling, completion or plugging and abandoning) associated with SW Edwards working interest which was estimated to be US\$846,562;
- b. a US\$179,688 land, geological and geophysical fee; and

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- c. a US\$25,000 prospect fee related to the SW Edwards working interest.

Upon assignment of the working interest in SW Edwards, the Company is obliged to pay all costs attributable to its percentage interest in SW Edwards.

The MPA provides that SW Edwards is burdened with aggregate royalties of 24% which would result in the Company obtaining a net revenue interest of 9.5% (before deduction of broker fees).

Operations commenced to re-enter the SW Edwards well on 10 July 2007. On 8 August 2007 Austin advised the Company that the well had reached its target depth and the operator was preparing to begin logging operations for wellbore evaluation.

Brokers fee

Under the MPA, the Company is obliged to pay a broker fee equal to 1% of the Company's net revenue interest related to each prospect. This would have the effect of reducing the Company's net revenue interest in each prospect to:

- a. St Gabriel 1 – 2%;
- b. Geuymard 1 – 14.85%; and
- c. SW Edwards – 9.405%.

Changes in State of Affairs

During the financial year, there was no significant change in the state of affairs of the Company other than investment in the Oil and Gas well's mentioned above and what has been referred to in the financial statements or notes thereto.

Subsequent Events

On the 9 August 2007 the Company announced the lodgement of a prospectus with the Australian Securities and Investments Commission for the non renounceable rights issue of 2 options for every 3 shares held in the Company to raise approximately \$318,392 before cost of the issue.

On the 16 August 2007 the Company has been informed that Austin Exploration Limited had successfully negotiated a farm-out agreement with Drillmar Oil and Gas in respect to the Company investment in St. Gabriel #1 Well. Under the farm-out agreement Drillmar will pursue the re-entry and deepening of the well in an attempt to reach the targeted depth which has diluted the Company net revenue interest to 2%.

There has not been any other matter or circumstance other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

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Future Developments

Disclosure of information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

Dividends

No dividends were paid or declared in the period in respect to the current financial year (2006:\$252,557).

Indemnification of Officers and Auditors

The Company intends to execute a Deed of Protection for each of the Directors. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

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Directors' Shareholdings

The following table sets out each director's relevant interest in shares, and options in shares of the Company as at the date of this report.

<u>Directors</u>	<u>Fully paid ordinary Shares</u>	<u>Options</u>	<u>DEOP* Options</u>
Dean L Gallegos	10,000,000	-	-
Simon Fyfe	2,785,480	-	-
Anthony J McClure	-	-	-
Warren Dunne	-	-	-
Gregory Lee	1,000,000	-	-
David Calcei	-	-	-

* Director and Employee Option Plan (see Remuneration policy for Directors below)

Share options

Share options granted to Directors and Executives

No share options were granted to directors and executives during or since the end of the financial year.

Share options on issue at year end or exercised during the year

No options were on issue at the end of the year.

Remuneration Report

Remuneration policy for Directors and Executives

Remuneration packages are set with due regard to current market rates and are aligned with shareholder interests by incorporating a sliding scale with reference to the net assets of the Company, short term remuneration is based upon salary/fees and bonus. Longer term remuneration includes an option plan which includes share price hurdles for vesting. Non-executive directors are also incentivised with options because the Company does not have a predictable cash flow to fund high fixed fee remuneration, and therefore it is believed that this is in the best interests of shareholders. To preserve the integrity of the remuneration setting function the full board addresses this role.

Director and Executive details

The names and details of the directors of Verus Investments Limited during the year are set out on the first page of the directors' report. There were no other executives employed by the Company during the financial year.

Elements of Directors' and Executive's Remuneration

Remuneration packages contain the following key elements:

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- (a) Short-term employee benefits – salary/fees and bonuses; and
 (b) Share-based payments – share options granted under the Directors and Employees Option Plan (“DEOP”)

The following table discloses the remuneration of all of the Directors of the Company:

	2007				2006			
	Short-term employee benefits		Share-based payment		Short-term employee benefits		Share-based payment	
Name & Position	Salary and Fees	Bonus	DEOP Options*	Total	Salary and Fees	Bonus	DEOP Options*	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Dean L Gallegos - Managing Director	120,000	-	-	120,000	86,660	27,000	4,229	117,889
Simon Fyfe - Non Executive Director & Company Secretary	48,000	-	-	48,000	48,000	55,000	1,813	104,813
Anthony J McClure - Non Executive Director	22,000	-	-	22,000	4,600	-	-	4,600
Warren Dunne - Non Executive Director	3,000	-	-	3,000	-	-	-	-
Gregory Lee - Non Executive Director	2,000	-	-	2,000	-	-	-	-
David Calcei - Non Executive Director	500	-	-	500	-	-	-	-
Alan S Phillips - Non Executive Director	-	-	-	-	12,000	-	-	12,000
Garry J Clark - Non Executive Director	-	-	-	-	12,000	-	-	12,000
Earl Evans - Non Executive Director	-	-	-	-	36,000	37,000	-	73,000
Total	195,500	-	-	195,500	199,260	119,000	6,042	324,302

* The equity options value is based on a Black & Scholes valuation of 0.78 cents per option at grant date which was the date of shareholder approval for the DEOP.

Elements of remuneration related to performance

Performance remuneration is provided in the short term via a bonus, and in the longer term via the Directors and Employees Option Plan (‘DEOP’). As at June 30, 2007 no options were outstanding under the DEOP

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Directors' Meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director). During the financial year four board meetings were held.

<u>Directors</u>	<u>Number Attended</u>	<u>Number eligible to attend</u>
Dean L Gallegos	4	4
Simon Fyfe	4	4
Anthony J McClure	4	4
Warren Dunne*	-	-
Gregory Lee*	-	-
David Calcei*	-	-

*No Directors meetings were attended by Gregory Lee & David Calcei due to their appointment after the date of the last recorded board meeting being the 24 May 2007. No board meeting was held during the short directorship tenure of Warren Dunne.

Non - audit services

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 4 to the financial statements.

Independence Declaration by Auditor

The auditor's independence declaration is included in this report.

Signed in accordance with a resolution of the directors made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the directors



Dean L Gallegos
Director

Sydney, 31 August 2007

Independent Auditor's Report to the Members of Verus Investments Limited

We have audited the accompanying financial report of Verus Investments Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the company as set out on pages 17 to 41..

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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Verus Investments Limited

Auditor's Independence Declaration

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

Auditor's Opinion

In our opinion:

- (a) the financial report of Verus Investments Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Adam Thompson

Adam Thompson
Partner
Chartered Accountants
Sydney, 31 August, 2007

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AUDITOR'S INDEPENDENCE DECLARATION

31 August, 2007

The Board of Directors
Verus Investments Limited
Level 15, 25 Bligh Street
SYDNEY NSW 2000

Dear Board Members

Verus Investments Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Verus Investments Limited.

As lead audit partner for the audit of the financial statements of Verus Investments Limited for the financial year ended 30 Jun 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Adam Thompson
Partner

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Verus Investments Limited

Directors' Declaration

The directors declare that:

- a) in the director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company; and
- c) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors



Dean L Gallegos
Director

Sydney, 31 August 2007

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Verus Investments Limited

INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	<u>Note</u>	<u>2007</u> \$	<u>2006</u> \$
Revenue	2	8,050	7,150
Change in fair value of financial assets classified as fair value through the profit and loss	2	400,051	622,087
Other income	2	197,958	97,971
Occupancy expenses		(29,144)	(20,182)
Costs incurred for reviewing business opportunity		(208,172)	-
Administration expenses		(521,703)	(461,166)
Finance costs		(12,637)	(24)
Other expenses		(16,817)	(12,795)
<i>(LOSS)/PROFIT BEFORE INCOME TAX EXPENSE</i>	2	(182,414)	233,041
Income tax expense	3	-	-
<i>(LOSS)/PROFIT FOR THE PERIOD</i>		<u>(182,414)</u>	<u>233,041</u>
<i>(LOSS)/PROFIT ATTRIBUTABLE TO MEMBERS OF THE COMPANY</i>	16	<u>(182,414)</u>	<u>233,041</u>
Earnings Per Share:			
Basic (cents per share)	8	(0.08)	0.21
Diluted (cents per share)	8	(0.08)	0.21

Notes to the financial statements are included on pages 21 to 36

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Verus Investments Limited

BALANCE SHEET AS AT 30 JUNE 2007

	<i>Note</i>	<u>2007</u>	<u>2006</u>
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		2,268,723	5,199,210
Trade and other receivables	9	27,522	1,920,186
Other financial assets	11	-	3,016,297
Prepayments	10	<u>10,554</u>	<u>5,368</u>
TOTAL CURRENT ASSETS		<u>2,306,799</u>	<u>10,141,061</u>
NON-CURRENT ASSETS			
Property, plant and equipment	12	81,564	2,339
Intangible assets	22	5,460,926	-
Other non-current assets		<u>39,596</u>	<u>-</u>
TOTAL NON-CURRENT ASSETS		<u>5,582,086</u>	<u>2,339</u>
TOTAL ASSETS		<u>7,888,885</u>	<u>10,143,400</u>
CURRENT LIABILITIES			
Trade and other payables	13	<u>48,223</u>	<u>2,114,421</u>
TOTAL CURRENT LIABILITIES		<u>48,223</u>	<u>2,114,421</u>
TOTAL LIABILITIES		<u>48,223</u>	<u>2,114,421</u>
NET ASSETS		<u>7,840,662</u>	<u>8,028,979</u>
EQUITY			
Issued Capital	14	8,824,377	8,830,280
Reserves	15	5,850	5,850
Accumulated losses	16	<u>(989,565)</u>	<u>(807,151)</u>
TOTAL EQUITY		<u>7,840,662</u>	<u>8,028,979</u>

Notes to the financial statements are included on pages 21 to 36

Verus Investments Limited

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	Note	Issued Capital Ordinary shares \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 July 2005		3,595,711	42,845	(787,635)	2,850,921
Shares issued during the period	14	5,411,484	-	-	5,411,484
Options expensed during the period	15	-	4,930	-	4,930
Profit attributable to members of the company (i)		-	-	233,041	233,041
Transfer from employee equity-settled benefit reserve	15	41,925	(41,925)	-	-
Share issue costs	14	(218,840)	-	-	(218,840)
Dividends paid or provided for	16	-	-	(252,557)	(252,557)
Balance at 30 June 2006		8,830,280	5,850	(807,151)	8,028,979
Balance at 1 July 2006		8,830,280	5,850	(807,151)	8,028,979
Loss attributable to members of the company (i)		-	-	(182,414)	(182,414)
Share issue costs	14	(5,903)	-	-	(5,903)
Dividends paid or provided for	16	-	-	-	-
Balance at 30 June 2007		8,824,377	5,850	(989,565)	7,840,662

(i) (Loss)/Profit attributable to members of the company comprises the total recognised income and expense for the financial year.

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Verus Investments Limited

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	<u>Note</u>	<u>2007</u> \$	<u>2006</u> \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds on sale of investments securities		10,391,313	7,398,777
Payments for investments securities		(8,705,983)	(5,908,104)
Underwriting fee received		-	35,437
Dividends received		8,050	12,650
Payments to suppliers and employees		(658,812)	(396,216)
Income tax refund		-	4,102
Income tax paid		(1,102)	-
Deposits paid		(39,596)	-
<i>Net cash provided by operating activities</i>	17(b)	<u>993,870</u>	<u>1,146,646</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for cost for reviewing business opportunity		(208,172)	-
Interest received from bank deposits		215,197	31,281
Payment for intangible assets		(5,460,926)	-
Purchase of property, plant and equipment		(82,180)	(3,115)
<i>Net cash used in investing activities</i>		<u>(5,536,081)</u>	<u>28,166</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of equity securities		1,850,903	3,560,540
Payment for share issue costs		(239,179)	(6,730)
Dividends paid		-	(252,557)
<i>Net cash provided by financing activities</i>		<u>1,611,724</u>	<u>3,301,253</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		(2,930,487)	4,476,065
Cash and cash equivalents at the beginning of the financial year		<u>5,199,210</u>	<u>723,145</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	17(a)	<u>2,268,723</u>	<u>5,199,210</u>

Notes to the financial statements are included on pages 21 to 36

Verus Investments Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporation Act 2001. Accounting Standards and Interpretations, and complies with other requirements of the law.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the financial statements and notes comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 31th August 2007.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments with less than 14 days to maturity, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(b) Financial assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- (i) has been acquired principally for the purpose of selling in the near future;
- (ii) is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- (iii) is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 21.

Verus Investments Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

- (c) Financial instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

- (d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i). where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii). for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. 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.

- (e) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Verus Investments Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(f) Payables

Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

(g) Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a diminishing value method so as to write off the net cost or other re-valued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

Plant and equipment - 4 to 5 years

Furniture - 15 years

(h) Share-based payments

Equity-settled share-based payments granted after 7 November 2002 that were unvested as of 1 January 2005, are measured at fair value at the date of grant. Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the entity's estimate of shares that will eventually vest.

(i) Revenue recognition

Dividends

Dividend revenue is recognised on a receivable basis.

Interest

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Verus Investments Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

(j) Earnings per share

Basic earnings per share:

Basic earnings per share is determined by dividing the operating (loss)/profit after income tax by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share:

Diluted earnings per share adjusts the figures used in determining earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

(k) Receivables

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

(l) Intangible assets

Working interests

Working interests are recorded at cost less accumulated amortisation and impairment. Amortisation is charged over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes being recognised as a change in accounting estimate.

At balance date the Working interests are not available for use. Therefore, there has been no amortisation.

An impairment review has been carried out as per the accounting policy note (m) set out below.

(m) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(n) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

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

Verus Investments Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

Critical judgements in applying the entity's accounting policies

The following are the critical judgements (apart from those involving estimations, which are dealt with below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Working interests

The working interests in relation to investment in Oil and Gas wells in the USA are carried at cost and at the reporting date the entity has assessed whether there has been any indication of the asset's impairment. The company has tested the intangible asset for impairment by comparing it to its recoverable amount. As noted in Note 24 Subsequent Events the company has been diluted in an interest however this dilution has not lead to an impairment of the asset at the reporting date.

(o) Operating Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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Verus Investments Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	<u>2007</u>	<u>2006</u>
	<u>\$</u>	<u>\$</u>
2. REVENUE AND EXPENSES		
An analysis of the Company revenue for the year is as follows:		
(a) <u>Operating revenue</u>		
Dividends received – other entities	<u>8,050</u>	<u>7,150</u>
(b) <u>Other income</u>		
Interest received – other entities	197,958	62,534
Underwriting fees received	<u>-</u>	<u>35,437</u>
<i>Total other income</i>	<u>197,958</u>	<u>97,971</u>
(c) <u>Change in fair value of financial assets classified as fair value through the profit and loss</u>	<u>400,051</u>	<u>622,087</u>
(Loss)/Profit before income tax has been arrived at after charging the following expenses:		
<u>Finance Costs</u>		
Interest expense – other entities	12,637	24
<u>Other Expenses</u>		
Depreciation of plant and equipment	2,955	776

Verus Investments Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

3. INCOME TAXES

	<u>2007</u>	<u>2006</u>
	<u>\$</u>	<u>\$</u>
(a) Income tax recognised in profit or loss		
Tax expense/(income) comprises:		
Current tax (income) / expense	(53,953)	(24,289)
Deferred tax expense relating to the origination and reversal of temporary differences	53,953	75,289
Benefit arising from previously unrecognised tax losses of a prior period that is used to reduce:		
- Deferred tax expense	-	(51,000)
Total tax expense/(income)	<u>-</u>	<u>-</u>
The prima facie income tax expense on pre-tax accounting (loss)/ profit from operations reconciles to the income tax expense in the financial statements as follows:		
Profit/(loss) from operations	<u>(182,414)</u>	<u>233,041</u>
Income tax expense calculated at 30%	(54,724)	69,912
Non-deductible expenses	771	(18,912)
Previously unrecognised deferred tax assets and deferred tax liabilities brought to account		(51,000)
Deferred tax assets not brought to account	<u>53,953</u>	<u>-</u>
	<u>-</u>	<u>-</u>
The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.		
(b) Deferred tax balances		
Deferred tax assets comprise:		
Tax losses – revenue	-	77,434
Temporary differences	-	5,610
	<u>-</u>	<u>83,044</u>
Deferred tax liabilities comprise:		
Temporary differences	-	(83,044)
Net deferred tax	<u>-</u>	<u>-</u>

Verus Investments Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

3. INCOME TAXES (continued)

Taxable and deductible temporary differences arise from the following:

	Opening balance \$	Charged to income \$	Closing balance \$
2007			
Gross deferred tax liabilities:			
Other financial assets	(83,044)	83,044	-
Gross deferred tax assets:			
Accruals	5,610	(5,610)	-
2006			
Gross deferred tax liabilities:			
Other financial assets	(6,495)	(76,549)	(83,044)
Gross deferred tax assets:			
Accruals	4,350	1,260	5,610

(c) Unrecognised deferred tax balances

	<u>2007</u> \$	<u>2006</u> \$
The following deferred tax assets have not been brought to account:		
Tax losses – revenue	163,146	141,926
Tax losses - capital	100,097	100,097
Temporary differences	60,542	77,540
	<u>323,785</u>	<u>319,563</u>

4. REMUNERATION OF AUDITORS

Remuneration of the auditor of the Company for:

- Auditing the financial report	16,645	16,938
- Half-year review	7,500	10,000
- Other non-audit services – Assessment of impact of A-IFRS	-	4,000
	<u>24,145</u>	<u>30,938</u>

The auditor of Verus Investments Limited is Deloitte Touche Tohmatsu.

5. KEY MANAGEMENT PERSONNEL COMPENSATION

Details of key management personnel

The key management personnel of the Company during the year were:

Dean Lloyd Gallegos	Managing Director
Simon Fyfe	Non Executive Director & Company Secretary
Anthony John McClure	Non Executive Director (resigned 25 May 2007)
Warren Dunne	Non Executive Director (appointed 16 October 2006 and resigned 23 November 2006)
Gregory Lee	Non Executive Director (appointed 25 May 2007)
David Calcei	Non Executive Director (appointed 18 June 2007)

There were no other key management personnel employed by the Company during the year other than the Directors.

5. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

Verus Investments Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

Key management personnel compensation policy

Remuneration packages are set with due regard to current market rates and are aligned with shareholder interests by incorporating a sliding scale with reference to the net assets of the Company, short term remuneration is based upon salary/fees and bonus. Longer term remuneration includes an option plan which includes share price hurdles for vesting. Non-executive directors are also incentivised with options because the Company does not have a predictable cash flow to fund high fixed fee remuneration, and therefore it is believed that this is in the best interests of shareholders. To preserve the integrity of the remuneration setting function the full board addresses this role.

Contracts for services of key management personnel

Remuneration and other terms of employment for the Executive and Non Executive Directors are formalised in service agreements.

Dean Lloyd Gallegos, Chairman and Managing Director

- Commenced on 11 December 2003.
- Term is fixed until 11 December 2007;
- Base salary consists of a monthly retainer of \$10,000, while bonuses and DEOP are reviewed annually. For the financial year ended 30 June 2007 total compensation amounted to \$120,000 (2006: \$117,889).

Simon Fyfe, Non Executive Director and Company Secretary

- Commenced as non-executive director on the 6 December 2005 and Company Secretary on the 23 December 2003;
- Term was fixed until 23 December 2006;
- Base salary consists of a monthly retainer of \$4,000, while bonuses and DEOP are reviewed annually. For the financial year ended 30 June 2007 total compensation amounted to \$48,000 (2006: \$104,813).

Gregory Lee, Non Executive Director

- Commenced on 25 May 2007;
- No fixed term of contract;
- Base salary consists of a monthly retainer of \$2,000, while bonuses and DEOP are reviewed annually. For the year ended 30 June 2007 total compensation amounted to \$2,000 (2006: \$nil).

David Calcei, Non Executive Director

- Commenced on 18 June 2007;
- No fixed term of contract;
- Base salary consists of a monthly retainer of \$2,000, while bonuses and DEOP are reviewed annually. For the year ended 30 June 2007 total compensation amounted to \$500 (2006: \$nil).

Verus Investments Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

5. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

Components of compensation

Compensation packages contain the following key elements:

- (a) Short-term employee benefits – salary/fees and bonuses; and
- (b) Share-based payments – share options granted under the Directors and Employees Option Plan (“DEOP”)

The following table discloses the compensation of the key management personnel of the Company:

	2007				2006			
	Short-term employee benefits		Share-based payment		Short-term employee benefits		Share-based payment	
Name & Position	Salary and Fees	Bonus	DEOP Options*	Total	Salary and Fees	Bonus	DEOP Options*	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Dean L Gallegos	120,000	-	-	120,000	86,660	27,000	4,229	117,889
Simon Fyfe	48,000	-	-	48,000	48,000	55,000	1,813	104,813
Anthony J McClure	22,000	-	-	22,000	4,600	-	-	4,600
Warren Dunne	3,000	-	-	3,000	-	-	-	-
Gregory Lee	2,000	-	-	2,000	-	-	-	-
David Calcei	500	-	-	500	-	-	-	-
Alan S Phillips	-	-	-	-	12,000	-	-	12,000
Garry J Clark	-	-	-	-	12,000	-	-	12,000
Earl Evans	-	-	-	-	36,000	37,000	-	73,000
Total	195,500	-	-	195,500	199,260	119,000	6,042	324,302

6. EXECUTIVE SHARE OPTION PLAN

The following reconciles the outstanding share options granted under the DEOP at the beginning and end of the financial years:

	2007		2006	
	Number of options *	Weighted average exercise price \$	Number of options *	Weighted average exercise price \$
Balance at beginning of financial year	-	-	6,500,000	0.04
Forfeited during the financial year	-	-	(1,125,000)	0.04
Exercised during the financial year (i)	-	-	(5,375,000)	0.04
Balance at end of the financial year	-	-	-	-
Exercisable at end of the financial year	-	-	-	-

* Balance of options has been adjusted for effects of the share split that occurred during the financial year (refer note 14)

(i) Exercised during the year

No options were granted under the DEOP or exercised during the financial year.

7. FRANKING ACCOUNT BALANCE

Verus Investments Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	<i>Note</i>	<u>2007</u> \$	<u>2006</u> \$
Adjusted franking account balance (tax paid basis)		7,426	3,802
8. EARNINGS PER SHARE			
		<u>Cents</u>	<u>Cents</u>
Basic earnings per share		(0.08)	0.21
Diluted earnings per share		(0.08)	0.21
		<u>\$</u>	<u>\$</u>
The earnings used in the calculation of basic and diluted earnings per share are as follows:		(182,414)	233,041
		<u>Number of Shares</u>	<u>Number of Shares</u>
Weighted averaged number of ordinary shares on issue during the year used in the calculation of basic EPS:		238,794,160	110,152,023
Weighted average number of options outstanding		-	-
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS		238,794,160	110,152,023
9. CURRENT TRADE AND OTHER RECEIVABLES			
		<u>\$</u>	<u>\$</u>
Other receivables		27,522	69,283
Amounts receivable on exercise of options	14(ii)	-	1,850,903
		27,522	1,920,186
10. OTHER CURRENT ASSETS			
Prepayments and deposits		10,554	5,368
11. OTHER CURRENT FINANCIAL ASSETS			
Investments in entities listed on a prescribed stock exchange:			
At fair value (i)		-	3,016,297

(i) Designated as a financial asset at fair value through the profit and loss

12. PROPERTY, PLANT & EQUIPMENT

Verus Investments Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	Note	<u>2007</u>	<u>2006</u>
		\$	\$
Plant & equipment at cost		85,295	3,115
Less accumulated depreciation		(3,731)	(776)
		<u>81,564</u>	<u>2,339</u>

Reconciliation of Property, plant & equipment

Carrying amount at the beginning of the financial year		2,339	
Additions		82,180	3,115
Depreciation expense		(2,955)	(776)
Carrying amount at the end of the financial year		<u>81,564</u>	<u>2,339</u>

13. CURRENT TRADE AND OTHER PAYABLES

Trade payables		48,223	66,275
Director's bonus accruals		-	119,000
Unsettled contract notes payable		-	1,720,358
Share issue costs payable		-	208,788
Trade payables		<u>48,223</u>	<u>2,114,421</u>

14. ISSUED CAPITAL

238,794,160 fully paid ordinary shares (2006: 238,794,160)		<u>8,824,377</u>	<u>8,830,280</u>
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Changes to the then corporation law abolished capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Fully paid ordinary shares carry one vote per share and usual rights to dividends and returns of capital. There are no unusual restrictions on the rights of ordinary shares.

Reconciliation of Issued Capital :

Balance at the beginning of the financial year		8,830,280	3,595,711
Shares issued during year:			
- 19 May 2006	(ii)	-	298,488
- 22 May 2006	(iii)	-	2,000,000
- 15 June 2006	(ii)	-	364,952
- 30 June 2006	(ii)	-	2,748,044
Transfer from employee equity-settled benefits reserve	15	-	41,925
Share issue costs		(5,903)	(218,840)
At reporting date		<u>8,824,377</u>	<u>8,830,280</u>

Verus Investments Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

14. ISSUED CAPITAL (continued)

	<u>Note</u>	<u>2007</u>	<u>2006</u>
		<u>Number</u>	<u>Number</u>
<i>Reconciliation of Shares on Issue :</i>			
At the beginning of financial year		238,794,160	20,701,416
Shares issued/movement during year:			
- 19 May 2006	(i)	-	82,805,664
- 19 May 2006	(ii)	-	7,462,200
- 22 May 2006	(iii)	-	50,000,000
- 15 June 2006	(ii)	-	9,123,790
- 30 June 2006	(ii)	-	68,701,090
At reporting date		<u>238,794,160</u>	<u>238,794,160</u>

(i) On the 19 May 2006 the Company completed a share split of the ordinary shares on a basis of five new shares for every one held, the share split was approved by shareholders on the 12 May 2006. The effect of the share split is that each existing share has been subdivided into five shares and each existing option has been adjusted in accordance with the Listing Rules. The Listing Rules provide that in a subdivision of capital, the number of options must be sub-divided in the same ratio as the ordinary shares and the exercise price of the options must be amended in inverse proportion to that ratio. This means that every option exercisable at \$0.20 each into 1 Share has been split into 5 options each of which is exercisable at \$0.04 into 1 share.

(ii) The exercise of listed and unlisted DEOP options into ordinary shares at the post share split exercise price of \$0.04 per option. The Company had entered into an agreement to underwrite all the listed options and therefore at 30 June 2006 \$1,850,903 remained outstanding on the exercise of the options and were included in trade and other receivables see Note 9. The outstanding amount was received during the current year.

(iii) On the 28 April 2006 the Company announced that it had entered into a subscription agreement for the placement of a total of 10,000,000 shares at the pre share split price of \$0.20 per share to raise \$2,000,000, subject to shareholder approval that was given on the 12 May 2006.

15. RESERVES

	<u>\$</u>	<u>\$</u>
Employee equity-settled benefits reserve		
Balance at the beginning of the financial year	5,850	42,845
Share based payment	-	4,930
Transfer to share capital	-	(41,925)
Balance at the end of the financial year	<u>5,850</u>	<u>5,850</u>

The employee equity-settled benefits reserve arises on the grant of share options to executives under the Directors and Employees Option Plan. Amounts are transferred out of the reserve and into issued capital when the options are exercised.

Verus Investments Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

16. ACCUMULATED LOSSES

	<u>2007</u>	<u>2006</u>
	\$	\$
Balance at the beginning of the financial year	(807,151)	(787,635)
Dividends paid	-	(252,557)
Net profit attributable to members of the Company	<u>(182,414)</u>	<u>233,041</u>
Balance at the end of the financial year	<u>(989,565)</u>	<u>(807,151)</u>

17. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of cash and the equivalents:

For the purpose of the cash flow statement, cash and cash equivalents includes cash on hand in banks.

Cash and cash equivalents	<u>2,268,723</u>	<u>5,199,210</u>
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(b) Reconciliation of profit for the period to net cash flows from operating activities:

(Loss)/Profit for the period	(182,414)	233,041
Depreciation of non-current assets	2,955	776
Equity – settled share based payment	-	4,930
Interest income - cash on deposit	(197,958)	(62,534)
Business opportunity – option costs	208,172	-
Changes in net assets and liabilities:		
Decrease / (increase) in other financial assets	3,016,297	(964,403)
Decrease / (increase) in prepayments	(5,186)	62
Decrease / (increase) in receivables	24,522	265,542
Decrease / (increase) in other assets	(39,596)	-
Increase / (decrease) in payables	<u>(1,832,922)</u>	<u>1,669,232</u>
Net cash provided by/ (used in) operating activities	<u>993,870</u>	<u>1,146,646</u>

18. SEGMENT INFORMATION

Business Segment

The Company's predominant activity is the identification and execution of investment opportunities, for any short, medium or long term purpose, whether or not those opportunities relate to securities listed on a Securities Exchange. The company considers that it operates in one operating business segment.. Thus, no segmental information is provided.

Geographic Segment

The company has not presented geographical information as all activities are located and managed in Australia other than the company's investment in intangible assets. The working interests underlying the intangible assets are all located within the USA.

19. DIVIDENDS

Verus Investments Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	<u>2007</u>		<u>2006</u>	
	<u>Cents per</u> <u>share</u>	<u>Total</u> <u>\$</u>	<u>Cents per</u> <u>share</u>	<u>Total</u> <u>\$</u>
Fully paid ordinary shares				
Final dividend in relation the financial year ended 30 June 2005				
Franked to 30%	-	-	1.22	252,557

20. RELATED PARTY DISCLOSURES

a) Key management personnel compensation

Details of key management personnel compensation are disclosed in note 5 to the financial statements.

b) Key management personnel equity holdings

Fully paid ordinary shares of Verus Investments Limited

	<u>Balance</u> <u>@ 1/7/06</u>	<u>Granted as</u> <u>compensation</u>	<u>Received</u> <u>on exercise</u> <u>of options</u>	<u>Net other</u> <u>changes</u>	<u>Balance</u> <u>@ 30/6/07</u>
	<u>No.</u>	<u>No.</u>	<u>No.</u>	<u>No.(i)</u>	<u>No.</u>
Dean L Gallegos	22,000,000	-	-	(12,000,000)	10,000,000
Simon Fyfe	5,785,480	-	-	(3,000,000)	2,785,480
Anthony McClure	-	-	-	-	-
Warren Dunne	-	-	-	-	-
Gregory Lee	-	-	-	1,000,000	1,000,000
David Calcei	-	-	-	-	-
	27,785,480	-	-	(12,000,000)	41,900,420

(i) Net other changes comprises of either purchases or sale of shares conducted during the year 'on or off' the market.

Verus Investments Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

21. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

The Company has achieved returns from investment activities which are detailed under “Principal Activities” within the directors’ report and within the “Investment Policy” (attached). A comprehensive risk management plan is in place in accordance with the Company’s corporate governance statement.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

(c) Credit risk management

The credit risks on financial assets of the Company which have been recognised in the Balance sheet are generally the carrying amount, net of any allowance for doubtful debts. The Company has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

(d) Interest rate risk management

The Company’s exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the below table:

Maturity profile of financial instruments

The following table details the Company exposure to interest rate risk:

	<u>Weighted Average</u> <u>Effective Interest</u> <u>Rate</u>		<u>Floating Interest Rate</u>		<u>Non-Interest</u> <u>Bearing</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	<u>%</u>	<u>%</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Financial Assets						
Cash	6.01	4.11	2,268,723	5,199,210	-	-
Receivables			-	-	27,522	1,920,186
Other financial assets			-	-	-	3,016,297
Other			-	-	50,150	5,368
Total Financial Assets			2,268,723	5,199,210	77,672	4,941,851
Financial Liabilities						
Payables			-	-	48,223	2,114,421
Total Financial Liabilities			-	-	48,223	2,114,421
Net Financial Assets/(Liabilities)			2,268,723	5,199,210	29,449	2,827,430

21. FINANCIAL INSTRUMENTS (continued)

Verus Investments Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

(e) Fair value of financial instruments

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- The fair values of the financial assets and liabilities of the Company are approximately equal to their carrying values.

(f) Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves, banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

22. INTANGIBLE ASSETS

The Company's intangible asset comprises of an investment by way of a farm-in agreement by signing a Master Participation Agreement (MPA) with AUS-Tex Exploration Inc. USA, a wholly owned subsidiary of Austin Exploration Limited, Australia a company listed in the ASX.

As of the 30 June 2007 the Company has the following investments:

	<u>2007</u>	<u>2006</u>
	\$	\$
St. Gabriel #1	2,033,879	-
Geuymard 1	2,063,557	-
SW Edwards Creek	1,363,490	-
Total Intangible (Exploration & Evaluation Assets)	<u>5,460,926</u>	<u>-</u>

The assets haven't been amortised as these assets are not yet ready for use. These, however, have been tested for impairment at 30 June 2007.

As at 30 June 2007, the company has following net revenue interests in the above assets:

Oil and Gas Prospect	Net revenue interest**
St. Gabriel #1*	7.5%
Geuymard 1	15%
SW Edwards Creek	9.5%

* at the date of this report the Company interest in this well has been diluted to 2% due to a further farm-in agreement with a third party as detailed in note 24.

** under the MPA the Company is obligated to pay a broker fee equal to 1% of the Company net revenue interest related to each prospect

Details of these investments are detailed in the director report under the review of operations section.

Verus Investments Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

23. COMMITMENTS FOR EXPENDITURE

Operating lease commitments :

Non-cancellable operating leases contracted for
but not capitalised in the accounts:

Rental of premises -

Not later than 1 year

75,270

-

Later than 1 year and not later than 5 years

237,048

-

312,318

-

24. SUBSEQUENT EVENTS

On the 9 August 2007 the company announced the lodgement of a prospectus with the Australian Securities and Investments Commission for the non renounceable rights issue of 2 options for every 3 shares held in the Company to raise approximately \$318,392 before cost of the issue.

On the 16 August 2007 the company has been informed that Austin Exploration Limited had successfully negotiated a farm-out agreement with Drillmar Oil and Gas in respect to the Company investment in St. Gabriel #1 Well. This farm-out diluted the company's interest in the wells however the dilution has not caused an impairment of the asset.

There has not been any other matter or circumstance other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

25. ADDITIONAL COMPANY INFORMATION

Verus Investment Limited is a listed public company, incorporated and operating in Australia.

Registered office and Principal place of business:

Level 15
25 Bligh Street
Sydney NSW 2000

Verus Investments Limited

Investment Policy

The Investment Policy which has been sanctioned by the Company's shareholders is:-

“That the goal of the Company be, and it's financial and investment policies be for the purpose of, the growth and maximisation of the value of the equity funds of the Company.

In pursuit of this goal, the directors have absolute discretion in applying the equity and any debt funds of the Company to investments, without limitation or restriction on:-

- (i) The means by which this goal will be pursued;
- (ii) The percentage of the Company's activities represented by the investment relative to the Company's own equity or asset bases;
- (iii) The underlying activities into which these funds may be invested;
- (iv) The percentage ownership of or participation in any underlying activity;
- (v) The number of underlying activities in which funds may be invested at any one time;
- (vi) The locations from where these underlying activities may be conducted; and
- (vii) The time frame for which directors may intend to hold an investment prior to sale.

Without limiting the director's discretion in any way, investments may be made:-

- (i) Indirectly through trusts, partnership, joint ventures or securities, whether listed on a securities exchange or unlisted;
- (ii) Directly through assets of any type, whether they be generally known as “real”, “financial”, “operating” or “non-operating”;
- (iii) In partnership with others; and
- (iv) Into any underlying industry, business or resource sector.

Subject to all required regulatory approvals being in place, the Company may also act as the manager of funds provided by parties other than the Company.”

Verus Investments Limited

AUSTRALIAN SECURITIES EXCHANGE INFORMATION

Ordinary Shares

There are 238,794,160 fully paid ordinary shares on issue. These are listed for trading on the Australian Securities Exchange Limited under the code VIL.

(a) Holdings Analysed According to size

Size of Holding	Holders	%	Shares Held
1 – 1,000	3	0.00	2,050
1,001 – 5,000	77	0.16	374,900
5,001 – 10,000	39	0.15	362,367
10,001 – 100,000	250	5.66	13,509,159
100,001 - and over	234	94.03	224,545,684
	<u>603</u>	<u>100.00</u>	<u>238,794,160</u>

(b) Top Twenty Shareholders

The twenty largest holders held 56.10% of the issued ordinary shares of the Company as at 22 August 2007.

(c) Unmarketable Parcels

There were 80 holders who had less than a minimum \$500 in shares calculated at \$0.095 per share.

(d) Voting Rights

One vote per member on a show of hands and one vote for each fully paid ordinary share on a poll.

Substantial Shareholders under the Corporations Act 2001 as shown in the Company Register of Substantial Shareholders at 22nd August 2007

<u>Number of Substantial Shareholder</u>	<u>Ordinary Shares</u>	<u>%</u>
• McNeil Nominees Pty Limited	28,725,000	12.03%
• ANZ Nominees Limited <Cash Income A/C>	24,660,874	10.33%
• Sayers Investments (ACT) Pty Limited <The Sayers Invest No 2 A/C>	13,368,000	5.60%

Verus Investments Limited

Top 20 Shareholders as at 22nd August 2007

<u>Name</u>	<u>Shares Held</u>	<u>% Total Issued</u>
McNeil Nominees Pty Limited	28,725,000	12.03
ANZ Nominees Limited <Cash Income A/C>	24,660,874	10.33
Sayers Investments (ACT) Pty Limited <The Sayers Invest No 2 A/C>	13,368,000	5.60
Roscious Pty Ltd <Deapen Family A/C>	10,000,000	4.19
Vienna Holdings Pty Ltd <Ronjen Super Fund A/C>	7,047,273	2.95
Redtown Enterprises Pty Ltd	7,000,000	2.93
Corporate & Resources Consultants Pty Ltd	5,000,000	2.09
Number 7 Investments Pty Ltd	5,000,000	2.09
Mr J & Mrs B Mottram <Jabem Super Fund A/C>	4,000,000	1.68
Indi Holdings Pty Ltd	3,600,000	1.51
Mr Mathew Donald Walker	3,500,000	1.47
Indi Holdings Pty Ltd <Portfolio A/C>	3,000,000	1.26
Mr Julius Garofali	2,875,000	1.20
Ms Maria Fyfe	2,785,480	1.17
St Barnabas Investments Pty Ltd <The Melvista Family A/C>	2,500,000	1.05
Berpaid Pty Ltd	2,469,750	1.03
Mr Allan Zion	2,300,000	0.96
HSBC Custody Nominees (Australia) Limited	2,090,045	0.88
Echo Bravo Pty Ltd	2,000,000	0.84
Mr Alexander Sutherland Rue Thalberg	2,000,000	0.84
<i>TOTAL</i>	<u>133,921,422</u>	<u>56.10</u>

Verus Investments Limited

Corporate Directory

Board of Directors

Dean Lloyd Gallegos
Simon Fyfe
Gregory Lee
David Calcei

Company Secretary

Simon Fyfe

Principal Place of Business & Registered Office

Level 15
25 Blich Street
Sydney NSW 2000
Tel: (02) 9233 2520
Fax:(02) 9233 2530
Website : www.verusinvestments.com.au

Auditors

Deloitte Touche Tohmatsu
225 George Street
Sydney NSW 2000
Tel: (02) 9322 7000
Fax (02) 9322 7001

Stock Exchange Listing

Verus Investments Limited (ABN 59 009 575 035) is a public Company incorporated and operating in Australia and whose ordinary shares are listed for trading on the market of The Australian Securities Exchange Limited.

Share Registry

Computershare Investor Services Pty Ltd
Level 3
60 Carrington Street
Sydney NSW 2000
Tel: (02) 8234 5222
Fax: (02) 8234 5070

Bankers

National Australia Bank Limited
Level 17, NAB House
255 George Street
Sydney NSW 2000
Tel: (02) 9237-1273
Fax: (02) 9237-1703

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