

# Appendix 4E

## Preliminary Final Report

Name of entity

**VERUS INVESTMENTS LIMITED**

ABN or equivalent company  
reference

**59 009 575 035**

Financial year ended ('current period')

**30 June 2010**

### For announcement to the market

\$A

Other revenue	Down	43%	to	32,066
Loss from ordinary activities after tax attributable to members	Up	22%	to	(1,609,540)
Net loss for the period attributable to members	Up	22%	to	(1,609,540)
<b>Dividends (distributions)</b>		<b>Amount per security</b>		<b>Franked amount per security</b>
Final dividend		None		- ¢
Interim dividend				
Previous corresponding period		None		- ¢
<sup>†</sup> Record date for determining entitlements to the dividend, (in the case of a trust, distribution)		N/A		

The above results should be read in conjunction with the notes  
and commentary contained in this report.

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## Management Discussion and Analysis

### 1. Commentary

The consolidated loss after tax for the financial year ended 30 June 2010 was \$1,609,540 (2009: \$1,318,155).

#### Review of Operations

##### Investment in Fausse Point Project (45% Working Interest)

In September 2009, the Company announced that it had secured the right to participate in a highly sought after Oil & Gas investment in Fausse Point, Louisiana, USA.

In December 2009, the drilling program for Well #1 commenced and in January 2010 the joint venture partners agreed to proceed with completion testing on the back of several very encouraging oil and gas shows.

In February 2010, the joint venture partners made a commitment to install production infrastructure at the well head, so as to continue testing the lower intervals with the intention to move into production from the intervals where there was an identification of oil and gas zones.

In June 2010, the Company announced its commitment to invest in the Bongo Prospect, a high impact exploration/appraisal gas well in Wharton County, Texas. This investment provides Verus with a 9.375% Working Interest ("WI").

#### Corporate

During the year the Company has been active in securing funds to support the exploration drilling and completion program of the first wells at the Fausse Point and Bongo projects;

- In September 2009, the Company completed a (one for one) non-renounceable entitlement offer which raised approximately \$682,000 after costs and a placement to raise a further \$528,000 after costs
- In December 2009, the Company completed a further placement which raised a further \$1.95 million after costs
- In June 2010, the Company completed a placement which raised a further \$1.03 Million after costs.

### 2. Principal activities

The principal activity of the economic entity during the financial year was the identification, evaluation and possible execution of investment opportunities thought to be worthwhile for any short, medium or long term purposes, to whatever degree or magnitude deemed appropriate whether or not such opportunities relate to securities listed on a Security Exchange or directly owned assets of any type, including investments in the mineral exploration sector.

**Condensed Consolidated Statement of Comprehensive Income  
For the Year ended 30 June 2010**

	Notes	30 June 2010 \$	30 June 2009 \$
<b>Continuing operations</b>			
<b>Revenue</b>			
Interest Income	2	32,066	56,241
Expenses	2	(1,641,606)	(1,374,396)
<b>Loss before tax from continuing operations</b>		(1,609,540)	(1,318,155)
Income tax benefit		-	-
<b>Profit / (loss) before income tax</b>		(1,609,540)	(1,318,155)
Income tax benefit		-	-
<b>Loss after income tax from continuing operations</b>		(1,609,540)	(1,318,155)
<b>Attributable to;</b>			
Members of the Parent entity		(1,609,540)	(1,318,155)
<b>Other comprehensive (loss) income</b>			
Exchange differences arising on translation of foreign operations		121,833	1,175
<b>Total comprehensive loss of the year</b>		(1,487,707)	(1,316,980)

	30 June 2010 \$	30 June 2009 \$
<b>Earnings per share</b>		
Basic earnings / (loss) per share from continuing operations	(0.30) cents	(0.55) cents
Diluted earnings / (loss) per share from continuing operations	(0.30) cents	(0.55) cents

## Condensed Consolidated Statement of Financial Position

As at 30 June 2010

	Notes	30 June 2010 \$	30 June 2009 \$
<b>Current assets</b>			
Cash and cash equivalents		305,986	573,983
Receivables		27,747	12,683
<b>Total current assets</b>		333,733	586,666
<b>Non-current assets</b>			
Prepayments		365,621	-
Exploration & Evaluation Assets		3,761,066	-
<b>Total non-current assets</b>		4,126,687	-
<b>Total assets</b>		4,460,420	586,666
<b>Current liabilities</b>			
Trade and other payables		78,898	35,829
<b>Total current liabilities</b>		78,898	35,829
<b>Total liabilities</b>		78,898	35,829
<b>Net assets</b>		4,381,522	550,837
<b>Equity</b>			
Contributed equity	4	13,148,308	8,824,377
Reserves		1,429,426	313,132
Accumulated losses		(10,196,212)	(8,586,672)
<b>Total equity</b>		4,381,522	550,837

**Condensed Consolidated Statement of Cash Flows**  
**For the Year ended 30 June 2010**

	<b>30 June 2010 \$</b>	<b>30 June 2009 \$</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(480,550)	(638,460)
Interest received	30,506	74,438
Deposit refund	-	39,596
<b>Net cash flows used in operating activities</b>	<b>(450,044)</b>	<b>(524,426)</b>
<b>Cash flows from investing activities</b>		
Exploration and Evaluation expenditure – O&G	(4,008,483)	(122,832)
Exploration and Evaluation expenditure-Minerals	-	(574,216)
Purchase of property, plant and equipment	-	(1,366)
<b>Net cash flows used in investing activities</b>	<b>(4,008,483)</b>	<b>(698,414)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of securities	4,511,327	-
Securities issue costs	(320,797)	-
<b>Net cash flows from financing activities</b>	<b>4,190,530</b>	<b>-</b>
<b>Net decrease in cash held</b>	<b>(267,997)</b>	<b>(1,222,839)</b>
Net foreign exchange difference	-	-
Cash and cash equivalents at beginning of period	573,983	1,796,822
<b>Cash and cash equivalents at end of period</b>	<b>305,986</b>	<b>573,983</b>

**Condensed Consolidated Statement of Changes in Equity**  
**Year ended 30 June 2010**

	<b>Issued Capital \$</b>	<b>Accumulated losses \$</b>	<b>Reserves \$</b>	<b>Total equity \$</b>
<b>At 30 June 2009</b>	<b>8,824,377</b>	<b>(8,586,672)</b>	<b>313,132</b>	<b>550,837</b>
Loss for the period	-	(1,609,540)	-	(1,609,540)
Divesture of foreign operations	-	-	(4,904)	(4,904)
Foreign currency translation	-	-	126,737	126,737
<b>Total Comprehensive Income</b>	-	(1,609,540)	121,833	(1,487,707)
Share issues (net of costs)	4,323,931	-	-	4,323,931
Share based payments – employee benefits expense	-	-	318,111	318,111
Equity settled share based payments	-	-	676,350	676,350
<b>At 30 June 2010</b>	<b>13,148,308</b>	<b>(10,196,212)</b>	<b>1,429,426</b>	<b>4,381,522</b>

	<b>Issued Capital \$</b>	<b>Accumulated losses \$</b>	<b>Reserves \$</b>	<b>Total equity \$</b>
<b>At 30 June 2008</b>	<b>8,824,377</b>	<b>(7,268,517)</b>	<b>304,757</b>	<b>1,860,617</b>
Loss for the period	-	(1,318,155)	-	(1,318,155)
Foreign currency translation	-	-	1,175	1,175
<b>Total Comprehensive Income</b>	-	(1,318,155)	1,175	(1,316,980)
Share based payments – employee benefits expense	-	-	7,200	7,200
<b>At 30 June 2009</b>	<b>8,824,377</b>	<b>(8,586,672)</b>	<b>313,132</b>	<b>550,837</b>

## 1 CASH BALANCES

### (a) Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows:	<b>30 June 2010 \$</b>	<b>30 June 2009 \$</b>
Cash on hand and at bank	305,986	43,884
Deposits at call	-	530,099
<b>Total cash at end of period</b>	<b>305,986</b>	<b>573,983</b>

### (b) Non-cash financing and investing activities

The following significant non-cash financing and investing activities have occurred during the year,

- On 26 November 2009 the Company issued 75 million listed options to Cicero Corporate Pty Ltd in consideration for investor relation services services in accordance with shareholder approval granted at the annual general meeting held on 24 November 2009.
- On 4 June 2010 the Company issued 4.6 million fully paid ordinary shares to Active Energy Advisors Pte. Ltd as consideration for the introduction and assistance with the Bongo transaction.
- On 4 June 2010 the Company issued 15 million unlisted options (with an exercise price of 3 cents and expiry date of 31 December 2009) as part consideration for the completion of a capital raising and advisory services.

### (c) NTA backing

	<b>30 June 2010 \$</b>	<b>30 June 2009 \$</b>
Net tangible asset backing per ordinary security	0.05 cents	0.23 cents

## 2 REVENUE AND EXPENSES

<b>Consolidated</b>	<b>30 June 2010 \$</b>	<b>30 June 2009 \$</b>
<b>Other Income</b>		
Finance revenue - Interest received	32,066	56,241
	<b>32,066</b>	<b>56,241</b>
<b>Expenses</b>		
Impairment of Oil & Gas investment	-	(34,429)
Impairment of Brazilian Minerals investment	-	(716,908)
Administration expenses	(648,495)	(614,129)
Share based payments	(318,111)	(7,200)
Investor relations consulting fee (Note 1)	(675,000)	-
Other expenses	-	(1,730)
	<b>(1,641,606)</b>	<b>(1,374,396)</b>

## 3 DIVIDENDS PAID AND PROPOSED

No dividends have been paid or proposed during the year.

## 4 ISSUED CAPITAL

<i>Ordinary shares</i>	<b>30 June 2010 \$</b>	<b>30 June 2009 \$</b>
Issued and fully paid	13,148,308	8,824,377
	<b>Number of shares</b>	<b>Number of shares</b>
Opening balance	238,794,160	238,794,160
Shares issued during the year	446,757,429	-
Closing balance	685,551,589	238,794,160



## 5 LISTED OPTIONS

<i>Options</i>	<b>Number of options</b>
<i>As at 1 July 2008</i>	164,196,107
No movement	-
<i>As at 30 June 2009</i>	164,196,107
Options issued 26 November 2009	75,000,000
Options expired 30 June 2010	(239,196,107)
<i>As at 30 June 2010</i>	-

## 6 SEGMENT REPORTING

### Business Segments

The following tables present the revenue and loss information regarding segments for the years ended 30 June 2010 and 30 June 2009.

	<u>Revenue</u>		<u>Segment Loss / (Profit)</u>	
	Year ended		Year ended	
	30-Jun 2010 \$	30-Jun 2009 \$	30-Jun 2010 \$	30-Jun 2009 \$
<b>Continuing operations</b>				
Oil and Gas Exploration – USA	-	-	10,856	34,429
<b>Discontinued operation</b>				
Mineral Exploration – Brazil	-	-	(1,381)	770,060
			9,475	804,489
Interest income			(32,066)	(56,241)
Share based payments			318,111	7,200
Investor relations consulting fee			676,350	-
Corporate, administration and directors fees			637,670	562,707
Loss before tax			1,609,540	1,318,155
			<b>Group Assets by Reportable Operating Segment</b>	
			30-Jun 2010 \$	30-Jun 2009 \$
Oil and Gas Exploration – USA			4,139,598	-
Mineral Exploration – Brazil			-	-
Total segment assets			4,139,598	-
Unallocated assets			320,822	586,666
Total Assets			4,460,420	586,666

## 7 AFTER BALANCE DAY EVENTS

The following events have arisen since the end of the financial year;

- (a) On 30 July 2010, the Company completed a capital raising via a Share Purchase Plan, issuing 8.3 million shares at an issue price of 2.2 cents each, for gross proceeds of \$183,420.
- (b) On 2 August 2010, the Company announced that it had executed a term sheet with Pass Petroleum Pty Ltd (“Pass”) to merge Pass into Verus. Key terms of the merger being:
  - a. Verus will issue approximately 370 million shares to Pass shareholders based on a merger ratio of Verus 65% /Pass 35% at final closing;
  - b. Pass may nominate one director to the Board of Verus;
  - c. The merger is subject to the approval of shareholders of both Verus and Pass;
  - d. A break fee of \$500,0000 is payable (in shares) if either party fails to complete the transaction; and
  - e. Subject to satisfactory final due diligence investigations.

The merger, if approved, will provide Verus with an increased WI in the exciting Fausse Point project (from 45% to 72%), the producing Bullseye project (WI 10%) and exposure to other high quality and impactful projects such as Bowtie West (WI 18%).

- (c) On 12 August 2010, the Company announced a private placement of 26.25 million shares, to professional and sophisticated investors, at an issue price of 2.1 cents each, for gross proceeds of \$551,250.

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## Annual meeting

*(Preliminary final report only)*

The annual meeting will be held as follows:

Place

To be confirmed

Date

To be confirmed

Time

To be confirmed

Approximate date the <sup>+</sup>annual report will be available

29<sup>th</sup> September 2010

## Compliance statement

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

2 This report, and the <sup>+</sup>accounts upon which the report is based (if separate), use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed.

4 This report is based on <sup>+</sup>accounts to which one of the following applies.  
*(Tick one)*

The <sup>+</sup>accounts have been audited.

The <sup>+</sup>accounts have been subject to review.

The <sup>+</sup>accounts are in the process of being audited or subject to review.

The <sup>+</sup>accounts have *not* yet been audited or reviewed.

Sign here:



Date: 31<sup>st</sup> August 2010

Print name: **Andrew McIlwain**  
**Director**