VERUS INVESTMENTS LIMITED

ABN 59 009 575 035

12th April 2006

Company Announcement Office
Australia Stock Exchange Limited
Exchange Centre
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Ms

Shareholder Update – Profit Guidance and Notice of Meeting

The Company has completed its unaudited management accounts for the period 9 months to the 31 March 2006 which indicates a profit of approximately $278,000. Based on the current issued capital of the Company this equates to approximately 1.3 cent per share.

The Company's investment activities generated a profit of approximately $483,820 in the quarter to 31 March 2006 which equates to a return of 20.2% (80.8% annualised) on shareholders funds.

The Company intends to hold a shareholders meeting on the 12 May 2006 to approve two resolutions, please refer to the attached notice of meeting for further details.

If you have any further queries please contact the Company on 02 9233 2520.

Yours sincerely

Dean L Gallegos
Chairman

Street Address: Level 12, 37 Bligh Street, Sydney NSW 2000
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email: verusinv@ozemail.com.au

VERUS INVESTMENTS LIMITED

ABN 59 009 575 035

NOTICE OF GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date of Meeting:	Friday, 12 May 2006
Time of Meeting:	11 am (AEST)
Place of Meeting:	Level 12, 37 Bligh Street, Sydney, New South Wales

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These documents should be read in their entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

VERUS INVESTMENTS LIMITED
ABN 59 009 575 035

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of shareholders of Verus Investments Limited (***Company***) will be held at Level 12, 37 Bligh Street, Sydney, New South Wales 2000 on Friday, 12 May 2006 at 11 am (AEST).

The Explanatory Memorandum which accompanies and forms part of this Notice of Meeting describes the various matters to be considered at the meeting and includes a glossary of defined terms.

AGENDA

To consider and if thought fit to pass the following resolutions:

1. Share Split

To consider and if thought fit to pass, with or without amendment, the following as an **ordinary resolution**:

"That for the purposes of and pursuant to section 254H of the Corporations Act and for all other purposes, approval is given for the Company to convert all of its Shares into a larger number of Shares on the basis that every one Share be sub-divided into five Shares and that Options be adjusted in accordance with the Listing Rules and otherwise on the terms and conditions set out in the Explanatory Memorandum."

2. Placement

To consider and if thought fit to pass, with or without amendment, the following as an **ordinary resolution**:

"That, subject to the passing of Resolution 1, and for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue up to 50,000,000 Shares at an issue price of a minimum of $0.04 per Share to raise up to $2,000,000 (on a post Share Split basis), on the terms and conditions described in the Explanatory Memorandum"

> The Company will disregard any votes cast on this Resolution 2 by a person who may participate in the proposed issue, a person who might obtain a benefit if the resolution is passed, except a benefit solely in the capacity of a holder of ordinary securities, and an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

PROXY INSTRUCTIONS

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, then, in accordance with section 249X(3) of the Corporations Act, each proxy may exercise half of the votes.

The member may specify the manner in which the proxy is to vote on each resolution or may allow the proxy to vote at his discretion.

In accordance with section 250BA of the Corporations Act, the Company specifies that the proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be:

- delivered or posted to the registered address of the Company, Level 12, 37 Bligh Street, Sydney, New South Wales 2000; or
- posted to the Verus Investments Limited Share Registry, Computershare Investor Services Pty Limited, GPO Box 4195, Sydney, New South Wales 2001; or
- delivered to the Verus Investments Limited Share Registry, Computershare Investor Services Pty Limited, Level 2, 60 Carrington Street, Sydney, New South Wales 2000; or
- sent by facsimile to the Verus Investments Limited Share Registry, Computershare Investor Services Pty Limited on +61 3 9473 2118.

Those documents must be received by the Company at least 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a body corporate, in a manner permitted by the Corporations Act. In the case of Shares jointly held by two or more persons, all joint holders must sign the proxy form.

A proxy form is attached to this Notice.

VOTING ENTITLEMENT

For the purposes of determining voting entitlements at the Meeting, and in accordance with Regulation 7.11.37 of the *Corporations Regulations 2001 (Commonwealth)*, Shares will be taken to be held by the persons who are registered as holding the Shares at 7 pm Sydney time on 10 May 2006. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

BY ORDER OF THE BOARD

Dean L Gallegos
Chairman
12 April 2006

EXPLANATORY MEMORANDUM

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting which sets out the Resolutions to be considered at the Meeting. The purpose of this Explanatory Memorandum is to provide information that the Board believes to be material to Shareholders in deciding whether or not to pass those Resolutions.

For the assistance of Shareholders, a glossary of defined terms is included at the end of the Explanatory Memorandum.

1. Resolution 1 – Share Split

1.1 Background

Section 254H of the Corporations Act enables a company to convert all or any of its shares into a larger number of shares by a resolution passed at a general meeting (***Share Split***). The Listing Rules also require that the number of options on issue be sub-divided in the same ratio as the ordinary capital and the exercise price be amended in inverse proportion to that ratio (that is, on a 5:1 share split, the current exercise price will be divided by five).

The Share Split is proposed in order to increase the liquidity of the Company's Shares.

1.2 Effect of Share Split

If Resolution 1 is approved, each Share currently on issue will be sub-divided into five Shares and each Option currently on issue will be sub-divided into five Options. In addition the exercise price of each Option will be decreased by a factor of five. The exercise price of existing Options is $0.20. When the Share Spilt takes effect, the exercise price of existing Options will be $0.04.

Immediately after the Share Split, each Shareholder will still hold the same proportion of the Company's share capital and net assets as before the Share Split. The current rights attaching to the Shares and Options will not be affected.

If Resolution 1 is passed, and prior to the issue of Shares under Resolution 2, the number of Shares in the Company will increase from 20,701,416 Shares to 103,507,080 Shares, the number of 2006 Options on issue will increase from 15,982,416 to 79,912,080 2006 Options and the number of DEOP Options on issue will increase from 1,100,000 (825,000 of which have vested as at the date of this notice) to 5,500,000 DEOP Options (4,125,000 of which will be vested after the Share Split).

The Directors consider that the Share Split will benefit Shareholders by increasing the liquidity of the Company's Shares.

It is expected that, after the Share Split becomes effective, the price for each Share in the Company will decrease to one fifth of its current price following the commencement of trading on a deferred settlement basis of the Shares on ASX. However, the extent of this reduction in price will depend on the market.

1.3 Holding statements and taxation

As from the effective date of the Share Split, all holding statements for Shares and Options will cease to have any effect, except as evidence of entitlement to a certain number of post Share Split securities.

After the Share Split becomes effective, the Company will dispatch a notice to Shareholders and holders of Options advising them of the number of Shares and Options held by each Shareholder and holder of Options (as the case may be) both before and after the Share Spilt.

The Company will also arrange for new holding statements to be issued to Shareholders and holders of Options.

It is not considered that there will be any taxation consequences for Shareholders arising from the Share Split. However, Shareholders are advised to seek their own tax advice on the effect of the Share Split and none of the Company, the Directors, or the Company's advisers accepts any responsibility for any individual Shareholder's taxation consequences of the Share Split.

1.4 Timetable

The Share Split will take effect on the date Resolution 1 is passed in accordance with the following proposed timetable:

General Meeting and passing of Resolution 1	12 May 2006
Trading in the reorganised securities on a deferred settlement basis starts	15 May 2006
Last day for Company to register transfers on a pre Share Split basis	19 May 2006
First day for Company to send notice to each Shareholder and option holder In the case of uncertificated holdings, first day for Company to register securities on a post Share Split basis and first day for issue of holding statements In the case of certificated holdings, first day for issue of new certificates. From this date, the Company rejects transfers accompanied by a certificate that was issued before the Share Split	22 May 2006
Despatch date. Deferred settlement market ends Last day for securities to be entered into the holders' security holdings. If securities are certificated, last day for the Company to issue them and send the certificates to the holders Last day for Company to send notice to each Shareholder and option holder	26 May 2006

1.5 Recommendation

For the reasons given in Sections 1.1 and 1.2 above, all the Directors recommend that Shareholders vote in favour of Resolution 1.

2. Resolution 2 – Placement

2.1 Background

The Company is seeking the approval of Shareholders to issue up to 50,000,000 Shares to sophisticated and professional investors. Pursuant to section 708 of the Corporations Act, the offer of Shares to these investors will not require the issue of a prospectus. The issue price of the Shares (on a post Share Split basis) will be a minimum of \$0.04 per Share to raise up to \$2,000,000 (if issued at \$0.04 per Share), before costs. The primary objective of the Placement is to expand the capital base of the Company so as to diversify its investment opportunities.

The funds raised by the Placement will be used to fund the Company's ongoing investment activities and general working capital requirements.

2.2 Listing Rule 7.1

Subject to certain exemptions (none of which is relevant here), Listing Rule 7.1 restricts a company from issuing or agreeing to issue equity securities (which include options) in any 12 month period which amount to more than 15% of the company's ordinary securities on issue, without shareholder approval. However, issues of equity securities made with the prior approval of the shareholders in a general meeting are not subject to this restriction and will not be counted as part of the 15% limit. Accordingly, shareholder approval is being sought for the Placement the subject of Resolution 2.

As required by Listing Rule 7.3, the following information is provided to Shareholders to allow them to assess the Placement:

(a) The maximum number of securities to be issued pursuant to Resolution 2 is 50,000,000 Shares, on a post Share Split basis.

(b) The Shares will be issued no later than 3 months after the date of the Meeting, or such longer period as approved by ASX.

(c) The issue price of the Shares (on a post Share Split basis) will be a minimum of $0.04 per Share to raise up to $2,000,000 (if issued at $0.04 per Share), before costs.

(d) The names of the allottees of the Shares are not known at this stage. The allottees will be sophisticated and professional investors chosen at the discretion of the Directors but will not include related parties. The identity of the allottees will be disclosed when the allottees are selected or when the Shares are issued to them.

(e) The Shares to be issued under the Placement will rank pari passu in all respects from date of issue with the existing issued fully paid ordinary shares of the Company. The Company intends to apply to ASX for official quotation of all Shares issued under the Placement.

(f) It is intended that the funds raised pursuant to the issue of the Shares will be used to fund the Company's ongoing investment activities and general working capital requirements.

(g) The Directors presently intend to issue the Shares as one allotment. However, they reserve the right to allot the Shares progressively.

2.3 Recommendation

For the reasons given in Sections 2.1 and 2.2 above, all the Directors recommend that Shareholders vote in favour of Resolution 2.

3. Glossary of Terms

The following terms and abbreviations used in the Notice of Meeting and this Explanatory Memorandum have the following meanings:

AEST means Australian Eastern Standard Time.

ASIC means the Australian Securities and Investments Commission.

ASX means Australian Stock Exchange Limited.

Company and ***Verus*** means Verus Investments Limited ABN 59 009 575 035 of Level 12, Bligh Street, Sydney, New South Wales 2000.

Corporations Act means the *Corporations Act 2001 (Commonwealth).*

DEOP Option means an option to acquire a Share in the Company issued on the terms of the directors and employees option plan established by the Company.

Director means a director of the Company, from time to time.

Explanatory Memorandum means this explanatory memorandum.

General Meeting or ***Meeting*** means the general meeting of Shareholders to be held at Level 12, 37 Bligh Street, Sydney, New South Wales on Friday, 12 May 2006 at 11 am (AEST) or any adjournment thereof.

Listing Rules means the official listing rules of ASX.

Notice of Meeting means the notice of the Meeting which accompanies the Explanatory Memorandum.

Option means an option to subscribe for a Share in the Company and being, at the date of this Notice of Meeting, either a DEOP Option or a 2006 Option.

2006 Option means an option to acquire a Share in the Company at the exercise price of $0.20 on or before 30 June 2006.

Placement means a placement of up to 50,000,000 Shares at an issue price (on a post Share Split basis) of a minimum of $0.04 per Share, to raise approximately $2,000,000, before costs.

Resolution means a resolution in the Notice of Meeting.

Section means a section of this Explanatory Memorandum.

Shareholder means a registered holder of Shares.

Share means a fully paid ordinary share in the capital of the Company.

Share Split has the meaning set out in Section 1.1.