A.B.N. 59 009 575 035

ANNUAL REPORT

FOR

THE FINANCIAL YEAR ENDED

30 JUNE 2009

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Secretary
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Stock Exchange Listing
Verus Investments Limited shares are listed on the Australian Securities Exchange.
ASX Code: VIL – ordinary shares
VILO – options expiring 30 June 2010 exercisable at 10cents.

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Dear Verus Shareholder,

The past year has been one of various and significant challenges for all, particularly for those focussed on commodities and equity investments.

Whilst much has been written – and no doubt will continue to be – in relation to the global financial crisis, Verus has managed to weather the storm and now finds itself poised to participate in the upsurge of an improving investment market, direct project participation and cautious enthusiasm.

As was reported earlier in the year, your Board reviewed its position with respect to the early stage commodity investments that it had entered into in Brazil. Whilst the project's technical fundamentals remained robust, the collapse of the equity markets required critical review of these options and the company's ability to continue to fund the necessary exploration.

In January, it was deemed appropriate to allow the options to lapse, ceasing all financial obligations in an effort to conserve cash reserves. All possible expenditure was curtailed and fixed costs and expenses minimised. This cash conservation approach saw Verus conclude the financial year in a reasonable financial position.

That said, the Board continued to seek and review investment opportunities knowing that early movers when the market improved would be well rewarded.

This saw Verus securing the right to participate in a highly sought after oil and gas investment in Fausse Point, Louisiana. Subsequent to year end, Verus executed the necessary documentation to enter into a 50% interest in the first well development at Fausse Point. The leverage available from this investment is significant and a successful well will quickly see strong cash flows generated. Verus' participation at this early stage is consistent with the philosophy described in last year's report in that early investment, whilst having a lower probability of success, provides opportunity for significantly higher investment returns.

Also subsequent to year end, the Board were encouraged by the continued strong shareholder support through both the Rights Issue and recent share placement. Conscious of the effect of dilution on individual shareholdings, this combined approach to securing the funds needed for well drilling and development was deemed to be the most appropriate.

With an exciting year in front of us, I look forward to the initial drill results from Fausse Point and sincerely hope that with your continued interest and support we can enjoy the Company's success together.

Yours sincerely,
Andrew McIlwain
Chairman

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 the corporate governance practices in place for the year ended 30 June 2009. It is structured along the same lines as the August 2007 ASX *Principles of Good Corporate Governance and Best Practice Recommendations*, with sections dealing in turn with each of the Council's 8 corporate governance principles. The various codes, policies and charters referred to in this statement can be found on the Company website www.verusinvestments.com.au.

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." Throughout the period, Verus had in place a formal Board Charter that sets out the functions reserved to the board.

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);
- Recruitment, remuneration, performance review and succession plans for the Company board;
- Approving significant changes to the organisational structure;
- Approving the issue of any shares, options, equity instruments or other securities in the Company, including a Company Share Purchase Plan (if any);
- Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making, including maintaining an appropriately documented and disseminated Corporate Code of Conduct;
- Recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them; and
- Meeting with the external auditor, at their request, without management

The board 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. The functions reserved to the board and those delegated to senior executives is disclosed in the Board Charter which can be found on the Company website.

Due to the size of the Board and the nature of its business, it has not been deemed necessary to institute a formal documented performance review program of individuals. In June 2009, the Chairman has conducted a more informal review process whereby he has discussed with individual directors and executives their attitude, performance and approach toward meeting the short and long term objectives of the Company. The board considers that at this stage of the company's development an informal process is appropriate.

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.

For the period to February 2009, the board comprised three non-executive directors and one executive director Mr Michael Montgomery, the Managing Director/CEO. On this date, Mr Montgomery became a non-executive director. A fundamental requirement for the Verus board is a deep understanding of investment, managing businesses and financial markets. All board members throughout the year met this requirement, and brought a diverse range of skills, and backgrounds to the board. The experience and qualifications of each board member and their terms of office are set out in the Directors' Report.

Verus directors may 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.

Directors must keep the board advised, on an ongoing basis, of any interests which could potentially conflict with any of those of the Company. Where the board believes that a significant conflict exists for a director on a board matter, the director concerned is not present at the meeting while the matter is being considered.

Independence and the Chairperson (Recommendations 2.1, 2.2 and 2.3)

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. Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the Company or 5% of the individual directors' net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the director's performance.

The board considers that three of the four directors, Andrew McIlwain (Chairman), David Calcei and Greg Lee are independent directors. All these directors have completed a checklist to document this independence. Given his position as Managing Director of the Company up to February 2009, Michael Montgomery, although meeting other criteria and bringing independent judgement to bear in his role, is not defined as an independent director.

For the period up until February 2009 the Company was in compliance with Recommendation 2.3 with Andrew McIlwain as the Chairman and Michael Montgomery the CEO of the Company. From this date, with the relinquishing of an option over three early stage Brasilian exploration projects, Mr Montgomery's role was varied such that he would act solely as a non-executive director. In this transitory phase, the Board as a whole have on the duties normally associated with a Managing Director of the Company.

Nomination Committee & Board Performance Review (Recommendation 2.4, 2.5)

A Nomination Committee comprising David Calcei, Greg Lee and Andrew McIlwain was formed in August 2008. The Nomination Committee Charter can be found on the Company website.

Details of each directors' attendance at committee meetings are set out in the directors' report.

When a new director is to be appointed the Nomination Committee reviews the range of skills, experience and expertise on the board, identifies its needs and prepares a short-list of candidates with appropriate skills and experience. Where necessary, advice is sought from independent search consultants. The Board then appoints the most suitable candidate who must stand for election at the next annual general meeting of the Company.

Retirement and rotation of Directors are governed by the Corporations Act 2001 and the Constitution of the Company. Each year one third Directors must retire and offer themselves for re-election. This selection, nomination and appointment process is detailed on the company website in the Nomination Committee Charter.

The Nomination Committee conducts a performance evaluation of the Board, its Committees and its individual Directors on an annual basis. To assist in this process an independent advisor may be used. This process for evaluating the Board, its Committees and its individual Directors is contained in the Disclosure – Performance Evaluation section on the Company website.

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 a formally adopted Code of Conduct. The Code of Conduct was 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 a 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 include within one month of results announcements, reports and general meetings and any period where a prospectus has been issued.

The Code of Conduct and Share Trading Policy are available on the Company website.

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 Managing Director, Company Secretary and Finance Manager providing letters of assurance to the board for the accounts, engagement of an external auditor, rotation of the engagement audit partner, and a risk management plan in place.

Audit and Risk Committee (Recommendations 4.1, 4.2 and 4.3)

An Audit and Risk Committee comprising of three independent directors, David Calcei, Greg Lee and Andrew McIlwain was established in August 2008. The Audit and Risk Committee Charter is available on the Company website. Details of each directors' qualifications and attendance at committee meetings are set out in the directors' report on pages.

The company is not one of the S&P All Ordinaries Top 300 Companies and as such is exempt under ASX Listing Rule 12.7 from maintaining an Audit Committee and thus compliance with Recommendation 4.1. The Company however continues to have an Audit Committee as a principle of best practice.

External Auditors

The Company requires external auditors to demonstrate quality and independence. The performance of the external auditor is reviewed and applications for tender of external audit services requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

Deloitte Touche Tohmatsu are the appointed external auditors. It is Deloitte Touche Tohmatsu's policy to rotate audit engagement partners on listed companies at least every 5 years, and in accordance with that policy a new audit engagement partner was introduced for the year ended 30 June 2008.

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, including changes in directors' interests in the Company.

The Continuous Disclosure Policy is available on the Company website.

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 maintained a website throughout the year which provided access to all recent ASX announcements, recent disclosure documents (e.g. prospectuses, notice of meeting explanatory memorandums, annual reports) and key contact details. A Shareholders Communications Strategy to promote effective communication with shareholders and encourage shareholder participation at AGM's has also been adopted and is available on the Company website.

Shareholders meetings represent a good opportunity for shareholders to meet with the board of Verus and the external auditor. The external auditor is requested to attend each Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

7. Recognise and manage risk

The ASX Corporate Governance Council states that a company should, "Establish a sound system of risk oversight and management and internal control". Management is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system. Verus maintains documented policies for identifying, assessing and monitoring risk. The Company utilises measures including formal authority limits for management to operate within. The risks for the Company continue to be regularly monitored and management has regularly appraised the Board as to the effectiveness of the Company's management of its material business risks. All proposals reviewed by the Board include a consideration of the issues and risks of the proposal. The potential exposures associated with running the Company have been managed by the Directors and Company Secretary who combined have significant broad-ranging industry experience.

The Managing Director (or Chairman in lieu of the position being vacated), Company Secretary and Finance Manager provide a written declaration to the Audit Committee in relation to each six-month reporting period that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board. Given the size of the company and the level of its investment activities, it has outsourced it Finance function. The board as a whole closely monitor and review all aspects of the finance function to gain assurance as to the integrity of the financial reporting process and ensure the maintaining of sound internal control systems.

In the course of its formal and informal discussions, the Board as a whole will review and comment upon the company's existing investments as well as new investment opportunities that may be presented to the Company.

The Audit and Risk Committee Charter and a Risk Management Policy are available on the Company website.

The Company's main areas of risk include:

- new project acquisitions;
- exploration, security of tenure and environment for mining acquisitions;
- government policy changes and political risk;
- occupational health and safety;
- financial reporting; and
- continuous disclosure obligations.

8. 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.

Remuneration Committee (Recommendation 8.1)

A Remuneration Committee comprising of David Calcei, Greg Lee and Andrew McIlwain was established in August 2008. The Remuneration Committee Charter is available on the Company website.

Details of each directors' attendance at committee meetings are set out in the directors' report.

The Remuneration Committee is responsible for determining and reviewing compensation arrangements for the directors and senior executives. The committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from the retention of a high quality team.

Remuneration Policy (Recommendation 8.2)

Non-Executive Directors
Non-executive directors receive fees which are determined by the Board within the aggregate limit set by the shareholders at a General Meeting. All Non-Executive Directors will receive remuneration by way of fees and receive no retirement benefits.

Non-executive directors may receive options. The issue of options to non-executive directors is considered an appropriate method of providing sufficient incentive and reward whilst maintaining cash reserves.

Executive Directors and Senior Executives
Executive directors' and senior executives' remuneration is considered to properly reflect the person's duties and responsibilities, and takes account of remuneration levels across the sector.

Mr McIlwain and Mr Lee have in place consultancy agreements for the provision of services outside the scope of duties as a director. Remuneration by way of consulting fees is calculated on the basis of a daily rate. The term of the consultancy agreement is not fixed, and has an allowance for either party to terminate the agreed arrangements by the giving of 30 days notice.

Your directors present their report on the consolidated entity (referred to hereafter as the Group or Consolidated entity) consisting of Verus Investments Limited and the entities it controlled at the end of, or during, the year ended 30 June 2009.

Directors

The following persons were directors of Verus Investments Limited during the whole of the financial year and up to the date of this report:

Mr. A McIlwain BE (Mining)
Chairman and Non-Executive Director

Appointed 23 April 2008

Mr McIlwain has over 20 years experience in the mining industry. He is a qualified mining engineer and has held technical, senior management and executive roles within Mount Isa Mines Limited, Central Norseman Gold Corporation Limited, WMC Resources Limited and Lafayette Mining Limited.

He is a current member of the Australian Institute of Mining and Metallurgy (AusIMM).

During the last three years, Mr McIlwain has also served as a director of the following listed companies:

Emerson Resources Ltd	(Appointed 1 February 2007)
Windy Knob Resources Limited	(Resigned 30 June 2009)

Interests in shares and options
Nil

Mr Greg Lee CPEng
Non-Executive Director

Appointed 25 May 2007

Mr Lee is a qualified chartered professional engineer with more than 28 years experience in the petroleum industry focussing on oil and gas field development, management and operations, petroleum/production engineering and drilling operations.

A member of the Institute of Engineers (Australia) (MIE Aust) and the Society of Petroleum Engineers (SPE), Mr Lee assisted in the development of Grove Energy Ltd and as General Manager, actively assisted in the listing of the company on the Alternative Investment Market in London. Mr Lee has significant international experience.

During the last three years, Mr Lee has also served as a director of the following listed companies:

Quest Petroleum NL (formerly Nuenco NL)	(Appointed 1 November 2005)

Interests in shares and options
2,000,000 ordinary shares in Verus Investments Limited
666,667 listed options (exercise price of $0.10 and expiry 30 June 2010)

Mr. David Calcei CA
Non-Executive Director

Appointed 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.

Interests in shares and options
Nil

Mr. Michael Montgomery B App Sc (Geology)
Non-Executive Director

Appointed 23 April 2008

Mr Montgomery is a Geologist with more than 15 years experience in the minerals sector. He has held senior exploration and operational positions with companies such as Consolidated Minerals, Goldfields Australia and KCGM (joint venture between Barrick Gold of Australia Ltd and Newmont Australia Limited).

Mr Montgomery has worked with a diverse range of commodities including gold, copper, diamonds, nickel, manganese, chromite and iron ore. He has undertaken post-graduate studies in mineral economics as well as mine planning and is a member of the Australian Institute of Mining and Metallurgy (AusIMM).

Interests in shares and options
Nil

Mr Paul Jurman CPA
Company Secretary

Mr Jurman is a CPA with over 10 years experience and has been involved with a diverse range of Australian public listed companies in company secretarial and financial roles. He is also company secretary of Lindian Resources Limited, Erongo Energy Limited, Carnavale Resources Limited and SA Metals Limited (all of which are listed on the Australian Securities Exchange).

Mr Jurman was appointed Company Secretary on 2 June 2009.

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 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.

Operating results

The consolidated loss after tax for the year was $1,318,155 (2008: $6,278,952). This loss was impacted by the write off of expenditure amounting to $716,908 associated with the Company's decision to cease further investment in its Brazilian projects and relinquish its rights to the tenements.

Dividends

The directors have not recommended the payment of a dividend in the current financial year. No dividends have been paid or declared up to the date of this report.

Financial Position

The net assets of the consolidated group decreased from $1,860,617 as at 30 June 2008 to $550,837 as at 30 June 2009.

Review of Investments and significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows;

Brazilian Investment Options

Following a critical review of the investment options entered into in Brazil, the Company concluded that, in light of the current financial climate, it was prudent to relinquish the options held over the 3 early stage exploration projects. Each option agreement was structured such that there is no restriction on Verus withdrawing and no continuing liability.

Matters subsequent to the end of the financial year

The following significant events have occurred subsequent to the end of the financial year:

- Confirmation that the divesture of its investment in Verus do Brasil Mineracao Ltd had been completed.
- Completion of a non-renounceable pro rata entitlement issue of one share for every one ordinary share held, at a price of 0.3 cents, raising approximately $682,000 after costs.
- On 15 September 2009, the Company announced that it made an Investment in the Fausse Point Oil and Gas Project, via an agreement entered into with Pass Petroleum LLC ("Pass"). In consideration for the assignment of a 50% working interest, the Company:
  - (i) Has reimbursed Pass acquisition costs and expenses to date to develop the prospect and hold the leases of US $400,000; and
  - (ii) Will pay 66% of the costs to drill and complete the first well for a 50% working interest in the project. This is expected to commence in November 2009 and the Company expects its share of costs will total approximately US $720,000.
- Completion of a private placement of 71.5 million shares (within the Company's 15% placement capacity) raising approximately $528,000 after costs.

Likely developments and expected results of operations

The Company's focus for the next financial year is to seek and assess new investment opportunities, as well as oversee its new investment as outlined in the "Matters subsequent to the end of the financial year.

Environmental issues

The Group is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulation when carrying out exploration work. The directors are not aware of any breaches of environmental legislation in any of the jurisdictions in which the Group operated during the period of this report.

Remuneration Report

The remuneration report is set out under the following main headings:

Director and senior management details
Compensation policy
Relationship between the remuneration policy and Company performance
Key terms of employment contracts
Components of compensation
Share based payments granted

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*

(a) Directors and senior management details

Details of the remuneration of the directors, other key management personnel of the Group and specified executives of Verus Investments Limited and the Verus Investment Group are set out in the following tables.

The key management personnel of the Group consist of the directors and Company Secretary. Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year.

- A McIlwain – *Chairman and Non-Executive Director*
- G Lee – *Non-Executive Director*
- D Calcei - *Non-Executive Director*
- M Montgomery – *Non-Executive Director*
- N Schmidt – *Company Secretary* (resigned 2 June 2009)
- P Jurman – *Company Secretary* (appointed 2 June 2009)

(b) Compensation policy

The Remuneration Committee has taken on the responsibility for determining and reviewing compensation arrangements for the executive directors and where applicable the executive team. This committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from the retention of a high quality team.

(c) Relationship between the remuneration policy and Company performance

The Remuneration Committee reviews the remuneration packages to the executive directors and non-executive directors on at least an annual basis.

There is currently no component within the remuneration packages that is dependent upon Company performance.

The Remuneration Committee will align the interests of the executive team with those of the shareholders when setting future short and long-term benefits. This will from time to time require management to seek shareholder approval to provide compensation to executive and non-executive directors in the form of share options (via the Directors and Employee Option Plan "DEOP"), exercisable to shares, given the achievement of pre-specified objectives.

In February 2009, the Company announced that all Director fees would be reduced by 30%, with compensation by way of issuing share options to the Directors and key consultants from a pool of 13 million under the existing DEOP. A total of 1,000,000 options were issued under the DEOP during the current financial year. The issue of the remaining 12 million options is subject to shareholder approval.

The table below sets out summary information about the Consolidated entity's/Company's earnings and movements in shareholder wealth for the five years to June 2009:

	June 2009 (ii) $	June 2008 (ii) $	June 2007 $	June 2006 $	June 2005 $
Revenue and other income	56,241	166,285	606,059	727,208	637,692
Net (Loss)/profit after tax	(1,318,155)	(6,278,952)	(182,414)	233,041	340,580
Share Price at start of year	$0.02	$0.09	$0.05	$0.04	$0.07
Share price at end of year	$0.006	$0.02	$0.09	$0.05	$0.04
Final dividend (i)	-	-	-	-	1.22cps
Basic earnings per share	(0.55) cps	(2.62)cps	(0.08)cps	0.21cps	0.30cps
Diluted earnings per share	(0.55) cps	(2.63)cps	(0.08)cps	0.21cps	0.28cps

(i) Franked to 100% at 30% corporate income tax rate.
(ii) Consolidated entity amounts disclosed for 30 June 2008 and 2009. For preceding years, only parent entity amounts disclosed as the consolidated entity only started on 14 March 2008.

(d) Key terms of employment contracts

Executives

The Employment agreements in place for the executive directors are outlined in the following table;

	Salary and Fees $
Michael Montgomery (i) – July 2008 to January 2009	120,000pa
Michael Montgomery (i) - February 2009 to June 2009	Nil

(i) Mr Montgomery has entered into a management agreement with the Company, which provides for the annual review of the remuneration arrangements on the basis of the scope of responsibilities undertaken. There are no leave entitlement provisions and no specific clause relating to termination payments within this agreement.

The term of the management agreement is not fixed and has allowance for either party to terminate the agreed arrangements by giving of 30 days notice. In February 2009, with the relinquishing of an option over three early stage Brasilian exploration projects, Mr Montgomery's management agreement was varied such that he would be remunerated solely as a Non-Executive Director.

Non-executives

The remuneration arrangements for the non-executive directors include the following annual compensation in the form of directors' fees;

	July 2008 to Jan 2009	Feb 2009 to Jun 2009
	$	$
Andrew McIlwain – Chairman (ii)	54,500pa	38,150pa
Greg Lee (ii)	35,000pa	24,500pa
David Calcei	35,000pa	24,500pa
Michael Montgomery (i)	-	24,500pa

(ii) Mr McIlwain and Mr Lee have in place consultancy agreements for the provision of services outside the scope of duties as a director. Remuneration by way of consulting fees is calculated on the basis of a daily rate. The term of the consultancy agreement is not fixed, and has an allowance for either party to terminate the agreed arrangements by the giving of 30 days notice.

Remuneration includes amounts payable to director controlled entities for services provided by directors.

(e) Components of compensation

The compensation for each director and member of senior management for the year is contained in the following table. The directors did not receive any share based remuneration, under the DEOP, for the years ended 30 June 2009 and 30 June 2008.

	2009				2008			
	Short-term employee benefits		Share-based payment		Short-term employee benefits			
Name	Salary and Fees	Consulting	DEOP Options	Total	Salary and Fees	Consulting	Termination Benefits	Total
	$	$	$	$	$	$	$	$
Andrew McIlwain	46,325	73,619	-	119,944	6,245	7,500	-	**13,745**
Michael Montgomery	24,917	39,968	-	64,885	22,333	-	-	**22,333**
Gregory Lee	29,750	16,900	-	46,650	25,633	-	-	**25,633**
David Calcei	29,750	-	-	29,750	26,283	-	-	**26,283**
Dean Gallegos	-	-	-	-	96,667	-	60,000	**156,667**
Simon Fyfe	-	-	-	-	13,600	-	40,000	**53,600**
Nerida Schmidt (ii)	-	16,500	2,400	20,100	-	3,000	-	**3,000**
Paul Jurman (i)	-	-	-	-	-	-	-	-
Total	**130,742**	**146,987**	**2,400**	**280,129**	**190,761**	**10,500**	**100,000**	**301,261**

(i) Fees for accounting, secretarial and corporate services of $55,500 were paid or payable to Corporate Consultants Pty Ltd, a company in which the Company Secretary Mr Paul Jurman is an employee.

(ii) Ms Schmidt was granted 500,000 options (under the DEOP) over unissued ordinary shares, which expire on 1 March 2012, have an exercise price of 1.5 cents, immediately vesting. The fair value per option at grant date was calculated as 0.96 cents. This share based payment represented 11.9% of total remuneration for the year (2008:0%).

(f) Share-based payments granted

During the year there were no options granted to directors (2008: Nil). On 6 February 2009, the Company granted (under the DEOP) 1,000,000 options over unissued ordinary shares, expiring 1 March 2012 at an exercise price of 1.5 cents to key management and consultants. The options all vested at allotment and the fair value per option at grant date was calculated as 0.96 cents.

Directors' Meetings

During the year there were nine Directors meetings held. The following table sets out both the number held and the number of meetings attended by each director

Directors	Number Attended	Number eligible to attend
Andrew McIlwain	9	9
Michael Montgomery	6	9
Gregory Lee	7	9
David Calcei	9	9

Audit and Risk Committee

The Audit and Risk Committee consists of the following Directors:
David Calcei (Chairman)
Andrew McIlwain
Gregory Lee.

During the year there were two meetings held and all members of the Committee were in attendance.

Remuneration Committee

The Remuneration Committee consists of the following Directors:
David Calcei (Chairman)
Andrew McIlwain
Gregory Lee.

During the year there was one meeting held and all members of the Committee were in attendance.

Nomination Committee

The Nomination Committee consists of the following Directors:
David Calcei (Chairman)
Andrew McIlwain
Gregory Lee.

During the year there was one meeting held and all members of the Committee were in attendance.

Shares under option

Details of un-issued ordinary shares for which options are outstanding at the date of this report:

Issuing Entity	Number of shares under option	Class of shares	Exercise price of options	Expiry date of options
Verus Investments Ltd	164,196,107	ordinary	$0.10	30 June 2010
Verus Investments Ltd	1,000,000	ordinary	$0.015	1 March 2012

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the Company or any other body corporate or registered scheme.

Indemnification of officers and auditors

During the financial year, the Company has paid premiums with respect to a contract insuring any person who is or has been an officer or auditor of any company in the Group against liabilities incurred whilst acting as directors and officers. The contract prohibits the disclosure of the amount of premium paid in respect of the contract.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

The Company has executed 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.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 5 to the financial statements.

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.

Auditor's Independence declaration

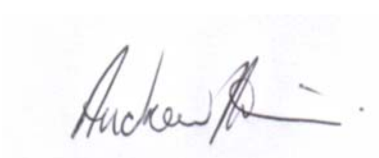
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16.

Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the *Corporations Act 2001.*

The directors' report is signed in accordance with a resolution of directors made pursuant to s. 298(2) of the Corporations Act 2001.

On behalf of the Directors



Andrew McIlwain
Director

Perth, 30 September 2009

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Verus Investments Limited
30 Ledger Road,
Balcatta, WA, 6021

30 September 2009

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 June 2009, 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

DELOITTE TOUCHE TOHMATSU

Leanne Karamfiles
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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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 2009, 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 of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 19 to 47.

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 consolidated financial statements, 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.

Deloitte.

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

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, the financial report of Verus Investments Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the consolidated entity incurred a net loss of $1,318,155 (company: loss of $1,338,365) and net cash outflows of $1,222,840 (company: net outflow of $1,206,628) for the year ended 30 June 2009. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the consolidated entity and the company to continue as going concerns and whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Leanne Karamfiles
Partner
Chartered Accountants
Perth, 30 September 2009

The directors declare that:

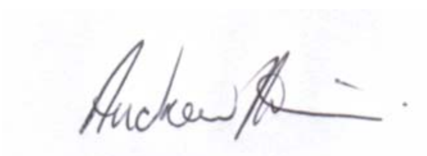
(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial statement 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 the consolidated entity; and

(c) the directors have been given the declarations required by s.295A of the Corporation Act 2001.

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

On behalf of the directors



Andrew McIlwain
Director

Perth, 30 September 2009

	Note	Consolidated		Parent Entity	
		2009 **$**	**2008** **$**	**2009** **$**	**2008** **$**
Revenue - other income	3	56,241	166,285	56,241	166,285
Occupancy expenses	3	-	(145,686)	-	(145,686)
Administration expenses		(614,129)	(691,028)	(562,706)	(669,958)
Impairment of Brazilian investment	3	(716,908)	-	(763,145)	-
Impairment of Oil & Gas investment	3	(34,429)	(5,503,106)	(34,429)	(5,503,106)
Other expenses		(8,930)	(105,417)	(34,326)	(101,373)
LOSS BEFORE INCOME TAX EXPENSE		(1,318,155)	(6,278,952)	(1,338,365)	(6,253,838)
Income tax expense	4	-	-	-	-
LOSS FOR THE YEAR		(1,318,155)	(6,278,952)	(1,338,365)	(6,253,838)
LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		(1,318,155)	(6,278,952)	(1,338,365)	(6,253,838)
Earnings Per Share:					
Basic (cents per share)	8	(0.55)	(2.63)		
Diluted (cents per share)	8	(0.55)	(2.63)		

The accompanying notes form part of these financial statements

	Note	Consolidated		Parent Entity	
		2009	**2008**	**2009**	**2008**
		$	**$**	**$**	**$**
CURRENT ASSETS					
Cash and cash equivalents	18a	573,983	1,796,823	573,983	1,780,611
Other receivables	9	12,683	91,078	12,683	91,078
TOTAL CURRENT ASSETS		586,666	1,887,901	586,666	1,871,689
NON-CURRENT ASSETS					
Receivable – Loan to subsidiary	10	-	-	-	18,156
Property, plant and equipment	11	-	365	-	-
Intangible assets	12	-	141,518	-	-
Other financial assets	13	-	-	-	157,500
TOTAL NON-CURRENT ASSETS		-	141,883	-	175,656
TOTAL ASSETS		586,666	2,029,784	586,666	2,047,345
CURRENT LIABILITIES					
Trade and other payables	14	35,829	169,167	35,829	165,343
TOTAL CURRENT LIABILITIES		35,829	169,167	35,829	165,343
TOTAL LIABILITIES		35,829	169,167	35,829	165,343
NET ASSETS		550,837	1,860,617	550,837	1,882,002
EQUITY					
Issued Capital	15	8,824,377	8,824,377	8,824,377	8,824,377
Reserves	16	313,132	304,757	308,228	301,028
Accumulated losses	17	(8,586,672)	(7,268,517)	(8,581,768)	(7,243,403)
TOTAL EQUITY		550,837	1,860,617	550,837	1,882,002

	Issued Capital Ordinary shares	Reserves	Accumulated Losses	Total
	$	$	$	$
Parent Entity				
2008				
Opening balance	8,824,377	5,850	(989,565)	7,840,662
Share Option Issued	-	343,392	-	343,392
Option issue cost	-	(48,214)	-	(48,214)
Loss for the year	-	-	(6,253,838)	(6,253,838)
Closing balance	8,824,377	301,028	(7,243,403)	1,882,002
2009				
Opening balance	8,824,377	301,028	(7,243,403)	1,882,002
Share Options issued under DEOP	-	7,200	-	7,200
Loss for the year	-	-	(1,338,365)	(1,338,365)
Closing balance	8,824,377	308,228	(8,581,768)	550,837
Consolidated				
2008				
Opening balance	8,824,377	5,850	(989,565)	7,840,662
Share Options issued	-	343,392	-	343,392
Option issue costs	-	(48,214)	-	(48,214)
Exchange differences arising on translation of foreign operations	-	3,729	-	3,729
Loss for the period	-	-	(6,278,952)	(6,278,952)
Closing balance	8,824,377	304,757	(7,268,517)	1,860,617
2009				
Opening balance	8,824,377	304,757	(7,268,517)	1,860,617
Share Options issued under EOP	-	7,200	-	7,200
Exchange differences arising on translation of foreign operations	-	1,175	-	1,175
Loss for the year	-	-	(1,318,155)	(1,318,155)
Closing balance	8,824,377	313,132	(8,586,672)	550,837

The accompanying notes form part of these financial statements

	Note	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments for investments securities		-	10,661	-	10,661
Interest Received		74,438	120,038	74,438	120,038
Withholding tax (paid)/refunded		-	1,289	-	1,289
Payments to suppliers and employees		(638,460)	(802,471)	(583,213)	(783,891)
Deposit refunded		39,596	2,350	39,596	2,350
Other Revenue		-	40,505	-	40,505
Net cash used in operating activities	18(b)	(524,426)	(627,628)	(469,179)	(609,048)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for deferred exploration costs		(350,690)	(70,934)	-	-
Investment in subsidiary – Verus Brazil		-	-	-	(157,500)
Loan related parties		-	-	(614,617)	(19,175)
Payment of intangible minerals rights		(223,526)	(70,584)	-	-
Payment for intangible assets		(122,832)	28,110	(122,832)	28,110
Purchase of property, plant and equipment		(1,366)	(1,042)	-	(677)
Net cash used in investing activities		(698,414)	(114,450)	(737,449)	(149,242)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issues of equity securities		-	318,392	-	318,392
Payment for option issue costs		-	(48,214)	-	(48,214)
Net cash provided by financing activities		-	270,178	-	270,178
NET DECREASE IN CASH AND CASH EQUIVALENTS HELD		(1,222,840)	(471,900)	(1,206,628)	(488,112)
Cash and cash equivalents at the beginning of the financial year		1,796,823	2,268,723	1,780,611	2,268,723
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	18(a)	573,983	1,796,823	573,983	1,780,611

The accompanying notes form part of these financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Verus Investments Limited as an individual entity and the consolidated entity consisting of Verus Investments Limited and its subsidiary.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and the *Corporations Act 2001*.

Compliance with IFRS
Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS'). Compliance with the AIFRS ensures that the financial report comprising the financial statements of the Company and the Group complies with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the directors on 25 September 2009.

Historical cost convention
These financial statements have been prepared under the historical cost convention. 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.

Adoption of new and revised standards
In the year ended 30 June 2009, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2008. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change in necessary to Group accounting policies.

At the date of the authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective. Initial application of the following Standards will not affect the amounts recognised in the financial report, but will change the disclosures presently made in relation to the Group and the Company's financial report:

Standard	**Effective for the annual reporting periods beginning on or after**	**Expected to be initially applied in the financial year ending**
AASB 101 ‘ Presentation of Financial Statements’ (revised September 2007), AASB 2007-8 ‘Amendments to Australian Accounting Standards arising from AASB 101’, AASB 2007-10 ‘Further Amendments to the Australian Accounting Standards arising from AASB101’	1 January 2009	30 June 2010
AASB 8 ‘Operating Segments’, AASB 2007-3 ‘Amendments to Australian Accounting Standards arising from AASB 8’	1 January 2009	30 June 2010

Standard	**Effective for the annual reporting periods beginning on or after**	**Expected to be initially applied in the financial year ending**
AASB 2009-2 'Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments'	1 January 2009 (and that ends on or after 30 April 2009)	30 June 2010
AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process'	1 January 2010	30 June 2011

Initial application of the following Standards and Interpretations are not expected to have any material impact on the financial report of the Group and the Company.

Standards/Interpretations	**Effective for the annual reporting periods beginning on or after**	**Expected to be initially applied in the financial year ending**
AASB 123 'Borrowing Costs' (revised), AASB 2007-6 'Amendments to Australian Accounting standards arising from AASB 123	1 January 2009	30 June 2010
AASB 3 'Business Combinations' (2008), AASB 127 'Consolidated and Separate Financial Statements' and AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127'	AASB 3 (business combinations occurring after the beginning of annual report periods beginning 1 July (2009), AASB 127 and AASB 2008-3 (1 July 2009)	30 June 2010
AASB 2008-1 'Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	1 January 2009	30 June 2010
AASB 2008-5 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	1 January 2009	30 June 2010
AASB 2008-6 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	1 July 2009	30 June 2010
AASB 2008-7 'Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Joint Controlled Entity or Associate'	1 January 2009	30 June 2010
AASB 2009-4 'Amendments to Australian Accounting Standards arising from the Annual Improvements Process'	1 July 2009	30 June 2010
AASB 2009-6 'Amendments to Australian Accounting Standards'	1 January 2009	30 June 2010

Standards/Interpretations	Effective for the annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2009-7 'Amendments to Australian Accounting Standards'	1 July 2009	30 June 2010
AASB 2009-8 'Group Cash Settled Share Based Payment Transactions'	1 July 2010	30 June 2011
AASB Interpretation 17 'Distributions of Non-cash Assets to Owners', AASB 2008-13 'Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners'	1 July 2009	30 June 2010

Critical accounting estimates
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements is Intangibles (Mineral Rights and Deferred Exploration Expenditure) (note j).

Going concern
The financial report had been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The consolidated entity has incurred a loss for the year after tax of $1,318,155 (company: loss of $1,338,365) and experienced net cash outflows of $1,222,840 (company: outflows of $1,206,628). As at 30 June 2009 the consolidated entity has net current assets of $550,837 (company: $550,837), which includes $573,983 (company: $573,983) in cash and cash equivalents.

The directors believe that it is appropriate to prepare the financial statements on a going concern basis for the following reasons:
(i) Following a critical review of the investment made in the three properties in Brazil – Eloi Iron Ore Project, Itagara Nickel Project and the Alpinopolis Nickel Project, the Company concluded that, in light of the financial climate, it was prudent to relinquish the options held over the 3 early stage exploration projects.

(ii) The Company undertook and continues to undertake a program to minimise all discretionary expenditures during the year

(iii) The Company raised approximately $682,000 after costs from a 1-for-1 non-renounceable rights issue in September 2009.

(iv) The Company raised a further $528,000 after costs through a private placement of shares, primarily to professional and sophisticated investors, in September 2009

(v) The Company entered into an agreement to acquire a 50% working interest in the Fausse Point Exploration Project from Pass Petroleum LLC (Pass) by reimbursing Pass's acquisition cost and expenses to date of US$400,000 to develop the prospect and hold the leases and agreeing to pay 66% of Pass petroleum's costs to drill and complete the first well for a 50% working interest in the project. The directors expect the entity's share of the drilling costs for the first well to be approximately US$721,000 and will be met from its existing cash resources. If the well is successful the Company expects to pay a further amount of approximately US$250,000 to complete the well. The Directors expect the drilling will commence in November 2009, however they have the ability to delay the timing of the program.

If the costs ultimately exceed the directors' current expectation there is potential that the entity would be required to source additional funding from either debt and/or equity markets.

If the well is successful the Company will be required to raise additional capital to cover the initial costs of bringing the well into production ("costs of completion"). Based on the Company's current cash-flow forecast the Directors anticipate an amount of up to $1,000,000 will be required in December 2009 if the well is successful.

The ability of the consolidated entity and company to continue as going concerns is dependent on the ability of the company to source additional funds from debt and/or equity markets to meet:

a) any unplanned costs if the actual drilling costs of the first well in the Fausse Point Exploration Project exceed the directors expectation by more than existing cash resources; and

b) future development costs and working capital requirements if the drilling program is successful.

The Directors have reviewed the consolidated entity's and company's overall position and outlook in respect of the matters identified above and are of the opinion that the use of the going concern basis is appropriate in the circumstances.

However, if the consolidated entity and company are unable to achieve successful outcomes in relation to the matters discussed above there is significant uncertainty whether the consolidated entity and company will be able to continue as going concerns.

Should the consolidated entity and company be unable to continue as going concerns, they may be required to realise their assets and extinguish their liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the consolidated entity and company be unable to continue as going concern concerns.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Verus Investments Limited as at 30 June 2009 and the results of all subsidiaries for the year then ended. Verus Investments Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.
Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the separate financial statements of Verus Investments Limited.

(c) Segment reporting

A business segment is identified for a Group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Foreign currency translation

Functional and presentation currency
Items included in the financial statement of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the functional and presentation currency for Verus Investments Limited

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit and loss as part of their fair value gain or loss.

Group companies
The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised as a separate component of equity

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns or discount.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

- Interest revenue is recognised on a time proportion basis that takes into account the effective yield on the financial asset.
- Dividend revenue is recognised on a receivable basis.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

(g) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash flows of other assets or groups of assets. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. Non-financial assets (other than goodwill) that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(i) 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 are reviewed at the end of each annual reporting period.

The gain or loss arising on disposal or retirement of an item of Property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

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

- Plant and equipment - 4 to 5 years

(j) Intangible assets

Mineral rights and Deferred Exploration Expenditure and Development Expenditure
Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the rights to tenure of the area of interest are current, and that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations in the area are continuous.

Accumulated costs in relation to an abandoned area are written off in full against income statement in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are tested for impairment and the balance is then reclassified to development expenditure assets. These are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest

(k) Financial assets

Financial assets are recognised and derecognised on trade date where the 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 except for those financial assets classified as at fair value through the profit or loss which are initially measured at fair value.

The investment in subsidiaries is recorded at cost in the Company financial statements.

The Loans to the subsidiary is denominated in a foreign currency (USD $) and is translated (in accordance with Note 1d) to the functional currency as at the reporting date.

Financial assets, other than those at fair value through the profit and loss, are assessed for indicators of impairment at each balance sheet date. An impairment review will be carried out on all financial assets consistent with the methodology outlined in note 1(g).

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

(n) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the net asset or part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

(o) Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit/(loss) after tax attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(p) Share based payments

Equity settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. The fair value is measured by use of a binominal model.

(q) Financial instruments by the Company

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual agreement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after detecting all of its liabilities. Equity instruments, issued by the Group are recorded at the proceeds received, net of direct issue costs.

2. FINANCIAL RISK MANAGEMENT

The Group's and the Company's investment activities expose it to a variety of financial risks: foreign exchange risk, liquidity risk, and interest rate risk. The Group's and the Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group and the Company. The Group and the Company uses different methods to measure different types of risk which it is exposed. The method used is sensitivity analysis for each of foreign exchange risk, liquidity risk and interest rate risk.

The Group and Company manage their capital to ensure the Group and the Company will be able to continue as a going concern while maximising the return to stakeholders. The Group's and the Company's overall strategy remains unchanged from 2008.

The capital structure of the Group and the Company consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings/accumulated losses. The Group and the Company are debt free, except for trade payables (note 14).

The Group has investments through subsidiary companies in South America, which were divested subsequent to year end (Note 22). None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows have been used by the Group to further invest in exploration activities and to fund corporate costs of the Company.

The Group and the parent entity hold the following financial instruments:

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Financial Assets				
Cash and cash equivalents	573,983	1,796,823	573,983	1,780,611
Loans and receivables	12,683	91,078	12,683	109,234
	586,666	1,887,901	586,666	1,889,845
Financial liabilities				
Trade and other payables	35,829	169,167	35,829	165,343

(a) Foreign exchange risk

The Group and the parent entity operate internationally and during the year were exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Brazilian Real.

Foreign exchange risks arise from future commercial transactions and recognized assets and liabilities that are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Management regularly monitors exposure to foreign exchange risk, but do not have a current hedging policy in place. It is intended that this policy will be continuously assessed in line with funding requirements for each of the investment opportunities.

The Group and parent entity exposure to foreign currency risk at the reporting date were as follows:

	30 June 2009 USD $	30 June 2008 USD $
Loan to subsidiary	-	17,457
Trade and other payables	-	(102,000)

(b) Group and parent sensitivity – foreign exchange risk

Based upon the financial instruments held as at 30 June 2009 (and 30 June 2008), had the Australian dollar weakened/strengthened 10% against the US dollar with all other variables held constant it would not have had a material impact on the Group and Company loss for the year (<$10,000).

(c) Interest rate risk management

The Group and Parent entity are exposed to interest rate risk as entities in the Group deposit funds at both short-term fixed and floating rates of interest. Neither the Group not the Parent entity has any interest bearing liabilities as at balance date.

The Group and Parent entity exposure to interest rates on financial assets and liabilities are detailed in the liquidity risk management section of this note.

(d) Interest rate sensitivity

A change in interest rates would not have a material impact on the profit and equity for the current and previous years of the Group or the Parent entity.

(e) Fair value estimation

The directors consider that the carrying amount of financial assets and financial liabilities, as recorded in the financial statements, represent or approximate their respective fair values.

(f) Liquidity risk management

	Weighted average effective interest rate %	***Less than 1 month*** **Interest bearing - variable** $	***1 to 3 months*** **Interest bearing - variable** $	***Less than 1 month*** **Non-interest bearing** $	***1 to 3 months*** **Non-interest bearing** $
Consolidated					
2009					
Cash & Cash equivalents	5.76	67,536	506,447	-	-
Other receivables	-	-		-	12,683
Other payables	-	-		-	35,829
Parent					
2009					
Cash & Cash equivalents	5.76	67,536	506,447	-	506,447
Other receivables	-	-		-	12,683
Other payables	-	-		-	35,829
2008					
Cash & Cash equivalents	6.21	1,780,611		16,212	-
Other receivables	-	-		-	91,079
Other payables	-	-		-	(169,167)
Parent					
2008					
Cash & Cash equivalents	6.21	1,780,611		-	-
Other receivables	-	-		-	91,079
Other payables	-	-		-	(165,343)

Ultimate responsibility for liquidity risk management rests with the board of directors, who oversee a liquidity risk management framework for the management of the Group and the Company's funding and liquidity management requirements. The Group and the Company manage liquidity risk by continuously monitoring forecast and actual cash flows and ensuring there are appropriate plans in place to finance these future cash flows.

Liquidity and interest risk tables

The table above has been drawn up based on the undiscounted cash flow (including both interest and principal cash flows expected) using contractual maturities of financial assets and the earliest date on which the Group and the Company can be required to pay financial liabilities. Amounts for financial assets include interest earned on those assets except where it is anticipated cash will occur in a different period.

3. REVENUE AND EXPENSES

	Consolidated		Parent Entity	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
An analysis of the revenue for the year is as follows:				
Other income				
Interest received – other entities	56,241	125,785	56,241	125,785
Rental Income	-	40,500	-	40,500
Total other income	56,241	166,285	56,241	166,285
Loss for the year before tax				
Loss for the year has been arrived at after charging the following losses and expenses:				
Impairment of Brazilian investment	716,908	-	763,145	-
Impairment of Oil & Gas investment	34,428	5,503,106	34,428	5,503,106
Occupancy costs	-	145,686	-	145,686
Depreciation	59	17,250	-	17,250
Loss on disposal of Plant & equipment	1,672	64,991	-	64,991
Foreign exchange losses	-	23,175	27,128	19,132
Equity settled share based payments (note 15(d))	7,200	25,000	7,200	25,000

4. INCOME TAXES

	Consolidated		Parent Entity	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax benefit in the financial statements as follows:				
Loss from operations	(1,318,155)	(6,278,952)	(1,338,366)	(6,253,838)
Income tax expense calculated at 30%	(395,447)	(1,883,686)	(401,510)	(1,876,151)
Add tax effect of:				
Non-deductible expenses	34,692	20,952	34,692	20,952
Capital Loss on investments write-off	225,401	1,650,932	239,272	1,650,932
Income accrual	5,459	-	5,459	-
Income tax benefit not brought to account	325,214	260,956	144,789	253,421
		49,154		49,154
Less tax effect of:				
Section 40-880 deduction	(22,702)	(21,947)	(22,702)	(21,947)
Capitalised Exploration expenditure	(172,617)	(21,280)	-	(21,280)
Income accrual	-	(5,927)	-	(5,927)
	-	-	-	-
Deferred tax assets (unrecognised)				
Unused revenue tax losses carried forward	747,990	484,644	560,031	477,110
Unused capital tax losses carried forward	1,751,029	1,751,029	1,751,029	1,751,029
Unused Section 40-880 deductions	14,819	33,645	14,819	33,645
	2,513,838	2,269,318	2,325,879	2,261,784

The benefits will only be obtained if:

- The companies derive future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised;
- The companies continue to comply with the conditions for deductibility imposed by the law; and
- No changes in tax legislation adversely affect the companies in realising the benefits from the deductions for the losses.

5. REMUNERATION OF AUDITORS

	Consolidated		Parent Entity	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Remuneration of the auditor of the Company for:				
Deloitte Touche Tohmatsu				
Audit and review of financial reports	40,626	34,775	40,626	34,775

6. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Key management personnel compensation

The aggregate compensation made to key management personnel of the Company and the Group is set out below:

	Consolidated		Parent Entity	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Short term employee benefits	277,729	201,261	277,729	201,261
Share based payments	2,400	-	3,600	-
Termination benefits	-	100,000	-	100,000
	280,129	301,261	281,329	301,261

The compensation of each key management personnel of the Group is set out in (e) below.

(b) Key management personnel details

The following persons were directors of Verus Investment Limited during the financial year were:

A McIlwain – *Chairman and Non-executive Director*
G Lee - *Non-executive Director*
D Calcei - *Non-executive Director*
M Montgomery – *Non-executive Director*

The following persons held the position of Company Secretary of Verus Investments Limited during the financial year.

Nerida Schmidt (resigned 2 June 2009)
Paul Jurman (appointed 2 June 2009)

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

(c) Key management personnel equity holdings (Fully paid VIL ordinary shares)

The number of shares in the Company held as at the end of the financial year by directors, including shares held by entities they control are set out below:

	Opening Balance 1 July No.	Granted as compensation No.	Received on exercise of options No.	Net other changes (i) No.	Closing Balance 30 June No.
2009					
Andrew McIlwain	-	-	-	-	-
Michael Montgomery	-	-	-	-	-
Gregory Lee (ii)	1,000,000	-	-	-	1,000,000
David Calcei	-	-	-	-	-
2008					
Andrew McIlwain	-	-	-	-	-
Michael Montgomery	-	-	-	-	-
Gregory Lee	1,000,000	-	-	-	1,000,000
David Calcei	-	-	-	-	-

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

(ii) Gregory Lee acquired a further 1,000,000 ordinary shares subsequent to year end (via the non-renounceable entitlement offer

(d) Key management personnel option holdings (listed VILO)

The number of listed options in the Company held as at end of the financial year by directors, including options held by entities they control, are set our below. The options are exercisable at 10 cents and expire 30 June 2010 (fully vested). This option class commenced with the non-renounceable rights issue on 9 August 2007 see (note 15(e)):

	Opening Balance 1 July No	Granted as compensation No.	Received on exercise of options No.	Net other changes (i) No.	Closing Balance 30 June No.
2009					
Andrew McIlwain	-	-	-	-	-
Michael Montgomery	-	-	-	-	-
Gregory Lee	666,667	-	-	-	666,667
David Calcei	-	-	-	-	-
2008					
Andrew McIlwain	-	-	-	-	-
Michael Montgomery	-	-	-	-	-
Gregory Lee	-	-	-	666,667	666,667
David Calcei	-	-	-	-	-

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

7. FRANKING ACCOUNT BALANCE

	Consolidated		Parent Entity	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Adjusted franking account balance (tax paid basis)	6,187	6,187	6,187	6,187

8. EARNINGS PER SHARE

	Consolidated		Parent Entity	
	2009	**2008**	**2009**	**2008**
	Cents	**Cents**	**Cents**	**Cents**
Basic and diluted loss per share	(0.55)	(2.63)	(0.56)	(2.62)
The loss used in the calculation of basic and diluted loss per share are as follows:	(1,318,155)	(6,278,952)	(1,338,365)	(6,253,838)
	Number of Shares	**Number of Shares**	**Number of Shares**	**Number of Shares**
Weighted averaged number of ordinary shares on issue during the year used in the calculation of basic and diluted EPS:	238,794,160	238,794,160	238,794,160	238,794,160
Potential ordinary shares not considered to be dilutive	165,196,107	164,196,107	165,196,107	164,196,107

As the Group made a loss for the period, diluted earnings per share is the same as basic earnings per share. The impact of the dilution would be to reduce the loss per share.

9. CURRENT ASSETS – OTHER RECEIVABLES

	Consolidated		Parent Entity	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Other receivables (i)	9,160	91,079	9,160	91,079
Prepayments	3,523	-	3,523	-
	12,683	91,079	12,683	91,079

(i) Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value and the company does not face any significant credit risk exposure as at balance date.

10. NON-CURRENT ASSETS – RECEIVABLES

	Consolidated		Parent Entity	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Loans to subsidiary (a)	-	-	632,773	18,156
Impairment of Loans (b)	-	-	(632,773)	-
	-	-	-	18,156

(a) Non-current receivables balance represents a USD$ denominated loan to subsidiary Verus do Brasil Mineracao Ltda. The loan is to provide working capital and fund the Brazilian investment activities. There are no repayment terms and no interest accrued.

(b) The loan was fully impaired as a result of the decision made to cease further investment in the three early stage mineral exploration opportunities in Brazil. The Company has now relinquished its rights to each of the three projects.

11. PROPERTY, PLANT & EQUIPMENT

	Consolidated		Parent Entity	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Plant & equipment at cost	-	365	-	-
Less accumulated depreciation	-	-	-	-
	-	365	-	-
Reconciliation of Property, plant & equipment				
Carrying amount at the beginning of the financial year	365	81,564	-	81,564
Additions	1,366	1,042	-	677
Depreciation expense (note 3)	(59)	(17,250)	-	(17,250)
Disposals	(1,672)	(64,991)	-	(64,991)
Carrying amount at the end of the financial year	-	365	-	-

12. NON-CURRENT INTANGIBLE ASSETS

	Consolidated		Parent Entity	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Brazilian Mineral rights (a)	-	70,584	-	-
Deferred exploration expenditure (b)	-	70,934	-	-
	-	141,518	-	-
Reconciliation of Intangible assets				
Opening balance	141,518	5,460,926	-	5,460,926
Oil & Gas deferred expenditure	-	88,404	-	88,404
Oil & Gas expenditure returned	-	(46,224)	-	(46,224)
Brazilian mineral rights and deferred exploration (a)(b)	574,215	141,518	-	-
Translation movement differences	1,175	-	-	-
Brazilian intangibles impairment (c)	(716,908)	-	-	-
Oil & Gas intangibles impairment	-	(5,503,106)	-	(5,503,106)
Closing balance	-	141,518	-	-

(a) Option fees of $223,525 (2008: $70,584) was incurred in relation to the mineral exploration rights for three properties in Brazil – Eloi “Iron Ore” Project, Itagara “Nickel” Project and the Alpinopolis “Nickel” Project.

(b) Deferred Exploration expenditure of $350,690 (2008:$70,934) was incurred for three properties in Brasil – Eloi “Iron Ore” Project, Itagara “Nickel” Project and the Alpinopolis “Nickel” Project.

(c) Impaired Intangible Assets – during the current financial year impairment testing was carried out after the decision was made to cease further investment in the three early stage mineral exploration opportunities in Brazil, with the carrying value of each considered impaired and written down to nil.

13. OTHER NON-CURRENT FINANCIAL ASSETS

	Consolidated		Parent Entity	
	2009	**2008**	**2009**	**2008**
Shares in subsidiaries – at cost (a)	-	-	157,500	157,500
Impairment of investment (b)	-	-	(157,500)	-
	-	-	-	157,500

(a) The consolidated financial statements incorporate the assets, liabilities and results of the subsidiary in accordance with the accounting policy described in note 1 (b).

(b) The investment in Verus do Brasil Mineracao Ltda was fully impaired as a result of the decision made to cease further investment in the three early stage mineral exploration opportunities in Brazil

Name of Entity	Country of Incorporation	Class of shares	Equity holding	
			2009	**2008**
			%	**%**
Verus do Brasil Mineracao Ltda (c)	Brazil	Ordinary	100	100

(c) On 10 July 2009 the Company divested its interest in Verus do Brasil Mineracao Ltda for no consideration.

14. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated		Parent Entity	
	2009	**2008**	**2009**	**2008**
Trade payables (a)	35,829	169,167	35,829	165,343

(a) There are no amounts included with these balances that are not expected to be settled within the next 12 months. The average credit terms for services received by the consolidated Group are 30 days from invoice date.

15. ISSUED CAPITAL

(a) Share Capital

Fully paid ordinary shares carry one vote per share and the right to dividends

	Consolidated and Parent Entity		Consolidated and Parent Entity	
	2009 Shares	**2008 Shares**	**2009 $**	**2008 $**
Ordinary shares Fully paid (i)	238,794,160	238,794,160	8,824,377	8,824,377

(b) Reconciliation of Issued Capital

	Number of shares	$
Balance at 1 July 2007	238,794,160	8,824,377
Share issue cost	-	-
Balance at 30 June 2008	238,794,160	8,824,377
Issue of shares	-	-
Balance at 30 June 2009	238,794,160	8,824,377

(c) Listed and Unlisted Options

		Exercise price	Expiry date	Balance at beginning of year	Granted during year	Balance at end of year	Vested/ exercisable at end of year
				Number	Number	Number	Number
	Year ended 30 June 2008						
1	Listed options	$0.10	30-Jun-10	-	164,196,107	164,196,107	164,196,107
				-	164,196,107	164,196,107	164,196,107
	Year ended 30 June 2009						
1	Listed options	$0.10	30-Jun-10	164,196,107	-	164,196,107	164,196,107
2	Unlisted options (d)	$0.015	1-Mar-12	-	1,000,000	1,000,000	1,000,000
				164,196,107	1,000,000	165,196,107	165,196,107

(d) Options issued

During the year there were no options granted to directors (2008: Nil).

Director and Employee Option Plan ("DEOP")
On 6 February 2009, the Company granted (under the DEOP) 1,000,000 options over unissued ordinary shares, expiring 1 March 2012 at an exercise price of 1.5 cents to key management and consultants. The options all vested at allotment and the fair value per option at grant date was calculated as 0.96 cents.

Inputs into the model	Option details
Grant date share price	$0.005
Exercise price	$0.015
Expected volatility	250%
Option life	1,119 days
Risk-free interest rate	3.25%

(e) Options exercised

No options were exercised during the financial year.

16. RESERVES

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Equity–settled benefits reserve				
Balance at the beginning of the financial year	5,850	5,850	5,850	5,850
Share based payment	7,200	-	7,200	-
Balance at the end of the financial year	13,050	5,850	13,050	5,850
Option reserve				
Balance at the beginning of the financial year	270,178	-	270,178	-
Share options issued during period	-	318,392	-	318,392
Option issue costs	-	(48,214)	-	(48,214)
Balance at the end of the financial year	270,178	270,178	270,178	270,178
Other equity settled reserve				
Balance at the beginning of the financial year	25,000	-	25,000	-
Share options issued during period	-	25,000	-	25,000
Balance at the end of the financial year	25,000	25,000	25,000	25,000
Foreign currency translation reserve				
Balance at the beginning of the financial year	3,729	-	-	-
Foreign currency translation during the year	1,175	3,729	-	-
Balance at the end of the financial year	4,904	3,729	-	-
TOTAL RESERVES	313,132	304,757	308,228	301,028

17. ACCUMULATED LOSSES

	Consolidated		Parent Entity	
	2009	**2008**	**2009**	**2007**
	$	**$**	**$**	**$**
Balance at the beginning of the financial year	(7,268,517)	(989,565)	(7,243,403)	(989,565)
Net loss attributable to members of the Company	(1,318,155)	(6,278,952)	(1,338,365)	(6,253,838)
Balance at the end of the financial year	(8,586,672)	(7,268,517)	(8,581,768)	(7,243,403)

18. NOTES TO THE CASH FLOW STATEMENT

	Consolidated		Company	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
(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	573,983	1,796,823	573,983	1,780,611
(b) Reconciliation of loss for the period to net cash flows from operating activities:				
Loss for the period	(1,318,155)	(6,278,952)	(1,338,365)	(6,253,838)
Depreciation of non-current assets	59	17,250	-	17,250
Loss on disposal of plant and equipment	1,672	64,991	-	64,991
Net currency differences	-	3,728	-	1,018
Share based payments - introduction fee	7,200	25,000	7,200	25,000
Impairment of Oil & Gas Investment	-	5,460,926	-	5,460,926
Impairment of Brasilian Investment	716,908	-	790,273	-
Settlement (monies returned) oil and gas interest	122,832	(28,110)	122,832	(28,110)
Changes in net assets and liabilities:				
Decrease (increase) in prepayments	-	10,554	-	10,554
Decrease (increase) in receivables	78,395	(23,959)	78,395	(23,959)
Increase (decrease) in payables	(133,337)	120,944	(129,514)	117,120
Net cash provided by (used in)	(524,426)	(627,628)	(469,179)	(609,048)

19. SEGMENT INFORMATION

Geographic Segment

The following table presents the revenue and loss information regarding segments for the year ended 30 June 2009.

	Australia	North America	South America	Unallocated	Total
	$	$	$	$	$
30 June 2008					
Segment revenue	-	-	-	-	-
Segment result	(750,723)	(5,503,106)	(25,114)	-	(6,278,952)
Segment assets	91,019	-	141,883	1,796,823	2,029,784
Segment liabilities	(76,939)	(88,404)	(3,824)		(169,167)
30 June 2009					
Segment revenue	-	-	-	-	-
Segment result	(513,666)	(34,429)	(770,060)	-	(1,318,155)
Segment assets	12,683	-	-	573,983	586,666
Segment liabilities	(35,829)	-	-		(35,829)

Operating Segment

The Company presently operates in one operating segment being investments in Mineral exploration.

20. RELATED PARTY TRANSACTIONS

(a) Subsidiaries

Interests in subsidiaries are set out in note 13.

(b) Key management personnel

Disclosures relating to key management personnel are set out in note 6.

(c) Transactions with related parties

- Fees for accounting, secretarial and corporate services of $55,500 were paid or payable to Corporate Consultants Pty Ltd, a company in which the Company Secretary Mr Paul Jurman is an employee.
- Andrew McIlwain provided executive services under a Consultancy agreement (as disclosed in the Remuneration Report). Consultancy fees received of $73,619 (2008:$7,500).
- Greg Lee provided executive services under a Consultancy agreement (as disclosed in the Remuneration Report). Consultancy fees received of $7,500 (2008:$Nil).

21. COMMITMENTS FOR EXPENDITURE

	Consolidated		Parent Entity	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Project Acquisition commitments :				
Intangible assets – Mineral rights (i)				
Not later than 1 year	-	480,638	-	-
	-	480,638	-	-

(i) The Group relinquished its Brazilian mineral rights in the current financial year (note 12 c).

22. SUBSEQUENT EVENTS

The following significant events have occurred subsequent to the end of the financial year:

- Confirmation that the divesture of its investment in Verus do Brasil Mineracao Ltd had been completed.
- Completion of a non-renounceable pro rata entitlement issue of one share for every one ordinary share held, at a price of 0.3 cents, raising approximately $682,000 after costs.
- On 15 September 2009, the Company announced that it made an Investment in the Fausse Point Oil and Gas Project, via an agreement entered into with Pass Petroleum LLC ("Pass"). In consideration for the assignment of a 50% working interest, the Company:

  (iii) Has reimbursed Pass acquisition costs and expenses to date to develop the prospect and hold the leases of US $400,000; and

  (iv) Will pay 66% of the costs to drill and complete the first well for a 50% working interest in the project. This is expected to commence in November 2009 and the Company expects its share of costs will total approximately US $720,000.
- Completion of a private placement of 71.5 million shares (within the Company's 15% placement capacity) to raise up to $528,000 after costs.

Verus Group 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."

AUSTRALIAN SECURITIES EXCHANGE INFORMATION

The shareholder information set out below was applicable as at 28 September 2009.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Class of equity security	
	Shares	**Options**
1 – 1,000	5	0
1,001 – 5,000	71	5
5,001 – 10,000	35	24
10,001 – 100,000	194	108
100,001 and over	281	167
	586	304

There were 188 holders of less than a marketable parcel of ordinary shares.

(b) Equity security holders – ordinary shares

The names of the twenty largest holders of quoted ordinary shares are listed as follows:

Name	**Shares Held**	**% Total Issued**
McNeil Nominees Pty Limited	76,421,768	13.92
ANZ Nominees Limited <Cash Income A/C>	63,653,598	11.59
Sayers Investments (ACT) Pty Limited <The Sayers Invest No 2 A/C>	40,602,666	7.39
Petrogenesis Energy Investments Limited	25,500,000	4.64
Vienna Holdings Pty Ltd <Ronjen Super Fund A/C>	14,694,546	2.68
Redtown Enterprises Pty Ltd	14,000,000	2.55
Number 7 Investments Pty Ltd	12,000,000	2.19
St Barnabas Investments Pty Ltd <The Melvista Family A/C>	10,000,000	1.82
Mr Mathew Donald Walker	9,300,000	1.69
Starlet Court Pty Ltd <Musgrave Super Fund A/C>	7,680,000	1.40
Mr J & Mrs B Mottram <Jabem Super Fund A/C>	7,597,776	1.38
Indi Holdings Pty Ltd	7,200,000	1.31
Hawthorn Grove Investments Pty Ltd	6,600,000	1.20
Mr Michael Lynch <Lynch Family A/C>	6,291,272	1.15
Vienna Holdings Pty Ltd	6,066,666	1.10
Fortis Clearing Nominees P/L <Settlement A/C>	5,395,045	0.98
Sabreline Pty Ltd <JPR Investment A/C>	5,077,973	0.92
Mr Geoff Barnes	5,000,000	0.91
Mr Julius Garofali	4,850,000	0.88
Caiseal Enterprises Ltd	4,500,000	0.82
TOTAL	*332,431,310*	*60.52*

(c) Equity security holders – options

The names of the twenty largest holders of quoted options are listed as follows:

Name	Options Held	% Total Issued
McNeil Nominees Pty Limited	22,583,334	13.75
ANZ Nominees Limited <Cash Income A/C>	16,090,860	9.80
Sayers Investments (ACT) Pty Limited <The Sayers Invest No 2 A/C>	8,912,000	5.43
Number 7 Investments Pty Ltd	7,000,000	4.26
Corporate & Resource Consultants Pty Ltd	6,273,334	3.82
Vienna Holdings Pty Ltd <Ronjen Super Fund A/C>	4,698,182	2.86
Redtown Enterprises Pty Ltd	4,666,667	2.84
Mr Vincenzo Brizzi & Mrs Rita Lucia Brizzi<Brizzi Family S/F A/C>	3,960,001	2.41
Redtown Enterprises Pty Ltd	3,428,543	2.09
Mr J & Mrs B Mottram <Jabem Super Fund A/C>	2,916,667	1.78
Goffacan Pty Ltd	2,534,999	1.54
Indi Holdings Pty Ltd	2,400,000	1.46
Mr Allan Zion	2,300,001	1.40
Millwest Investments Pty Ltd	2,300,000	1.40
Mr Geoff Barnes <Nimrodel Fund A/C>	2,000,000	1.22
Indi Holdings Pty Ltd <Portfolio A/C>	2,000,000	1.22
Mrs Maria Fyfe	1,856,987	1.13
St Barnabas Investments Pty Ltd <The Melvista Family A/C>	1,666,667	1.02
Commuter Media Networks Pty Ltd	1,583,334	0.96
Mrs Glenys Lorraine Bray	1,500,000	0.91
TOTAL	*100,671,576*	*61.30*

(d) Voting Rights

The voting rights attaching to each class of equity securities are set out below:

- *Ordinary shares*
  On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

- *Options*
  No voting rights.

(e) Substantial holders

Substantial holders in the company are set out below:

Number of Substantial Shareholder	Number held
• McNeil Nominees Pty Limited	76,421,768
• ANZ Nominees Limited <Cash Income A/C>	63,653,598
• Sayers Investments (ACT) Pty Limited <The Sayers Invest No 2 A/C>	40,602,666