

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

Verus Investments Limited

ABN

59 009 575 035

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Unlisted options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | <div>1. 60,000,000</div> <div>2. 7,500,000</div> |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <div>1. Unlisted options exercisable at \$0.025 expiring 31 December 2013. Refer to Appendix A for full terms.</div> <div>2. Unlisted options exercisable at \$0.025 expiring 31 December 2013, under the Employee Option Plan.</div> |

+ See chapter 19 for defined terms.

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4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	No. If the options are exercised, the shares issued as a result will rank equally in all respects with the existing ordinary fully paid shares.
5 Issue price or consideration	Nil.
6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	1. 60,000,000 options have been issued to directors in accordance with shareholder approval granted at the general meeting held on 27 January 2011. 2. 7,500,000 options issued to staff under the Employee Option Plan.
7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates	28 January 2011.
8 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 2 if applicable)	1,363,908,563 VIL Ordinary Shares

⁺ See chapter 19 for defined terms.

9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in clause 2 if applicable)	500,000 Options exercisable at \$0.015 on or before 1 March 2012. 12,000,000 Director options exercisable at \$0.015 on or before 1 March 2012. 500,000 Options exercisable at \$0.04 on or before 9 December 2012. 170,000,000 Options exercisable at \$0.02 on or before 31 March 2012. 60,000,000 Director options exercisable at \$0.025 on or before 31 December 2013. 7,500,000 Options exercisable at \$0.025 on or before 31 December 2013.
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	No plans to pay dividends at this stage.

Part 2 - Bonus issue or pro rata issue

N/A

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the ⁺ securities will be offered	
14	⁺ Class of ⁺ securities to which the offer relates	
15	⁺ Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	

⁺ See chapter 19 for defined terms.

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|----|--|--|
| 18 | Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents

<small>Note: Security holders must be told how their entitlements are to be dealt with.

Cross reference: rule 7.7.</small> | |
| 19 | Closing date for receipt of acceptances or renunciations | |
| 20 | Names of any underwriters | |
| 21 | Amount of any underwriting fee or commission | |
| 22 | Names of any brokers to the issue | |
| 23 | Fee or commission payable to the broker to the issue | |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders | |
| 25 | If the issue is contingent on ⁺ security holders' approval, the date of the meeting | |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | |
| 28 | Date rights trading will begin (if applicable) | |
| 29 | Date rights trading will end (if applicable) | |
| 30 | How do ⁺ security holders sell their entitlements <i>in full</i> through a broker? | |

⁺ See chapter 19 for defined terms.

31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	
33	+Despatch date	

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) ☐ Securities described in Part 1.

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories

1 - 1,000

1,001 - 5,000

5,001 - 10,000

10,001 - 100,000

100,001 and over

37 ☐ A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought	
39	Class of +securities for which quotation is sought	
40	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)	
42	Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38)	

+ See chapter 19 for defined terms.

All entities

Fees

43 Payment method (tick one)

☐

Cheque attached

☐

Electronic payment made

Note: Payment may be made electronically if Appendix 3B is given to ASX electronically at the same time.

☐

Periodic payment as agreed with the home branch has been arranged

Note: Arrangements can be made for employee incentive schemes that involve frequent issues of securities.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

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- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



Date: 2 February 2011

Print name:

Company Secretary
Paul Jurman

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+ See chapter 19 for defined terms.

Appendix A

VERUS INVESTMENTS LIMITED **(A.C.N. 009 575 035)** **TERMS and CONDITIONS**

The material terms and conditions of the options are as follows:

- a) Each option entitles the holder to subscribe for and be allotted one ordinary share in the capital of Verus Investments Limited (the “Company”) at a price of 2.5 cents per share until 31 December 2013 (“the Expiry Date”).
- b) The options are exercisable at any time during the exercise period noted above by notice in writing to the Directors accompanied by payment of the exercise price.
- c) Shares will be allotted and issued pursuant to the exercise of options not more than 10 business days after receipt of a properly executed notice of exercise and payment of the requisite application moneys.
- d) The options are not transferable, except to a spouse of the Optionholder or a company wholly owned by the Optionholder and his or her spouse.
- e) Shares issued upon exercise of the options will rank pari passu in all respects with the Company’s fully paid ordinary shares. The Company will apply for Official Quotation by ASX of all Shares issued upon the exercise of options within 3 business days after the date of allotment of those shares.
- f) There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered or made to the shareholders during the currency of the options. However, the Company will send a notice to each Optionholder at least 9 business days before the record date for any proposed issue of capital on an entitlement basis. This will give Optionholders the opportunity to exercise their options (subject to the exercise period referred to above) prior to the date for determining entitlements to participate in any such issue.
- g) There are no rights to a change in the exercise price, or in the number of shares over which the options can be exercised, in the event of a bonus issue by the Company prior to the exercise of any options.
- h) In the event of any reorganisation of the issued capital of the Company on or prior to the Expiry Date, the rights of an Optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of the reorganisation.

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