

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 | Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 250,000,000 |
| 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) | Each option is to subscribe for one share at an issue price of \$0.02 on or before 31 March 2012 – the terms and conditions of which are provided in Appendix A. |

+ 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	1. 200,000,000 options were issued on 24 January 2011 (170,000,000 – refer Appendix 3B dated 25 January 2011) and 7 February 2011 (30,000,000 – refer to Appendix 3B dated 8 February 2011) at \$0.001 each. 2. 50,000,000 options issued on 15 February 2011 at \$0.01 each.
6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	At the time of issue, the Company did not seek quotation for this new class of securities, but is doing so now pursuant to this Appendix 3B for the 200,000,000 options issued in the past as well as the 50,000,000 options issued on 15 February 2011.
7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates	1. 170,000,000 – 24 January 2011 2. 30,000,000 – 7 February 2011 3. 50,000,000 – 15 February 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 250,000,000 Options exercisable at \$0.02 each and expiring on 31 March 2012

⁺ 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. 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	

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18	Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	
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 (To be advised)
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 (To be advised)
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: 15 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 Options will be issued with the following terms and conditions:

- (a) Each Option entitles the holder to subscribe for and be allotted one fully paid ordinary Share in the capital of Verus Investments Limited ("the Company") at an exercise price of 2 cents.
- (b) The Options are exercisable at any time prior to 5.00pm AEST on 31 March 2012 (**the Expiry Date**) by completing a notice of exercise and delivering it to the Company share registry together with the payment for the number of shares in respect of which the Options are exercised.
- (c) The Options are transferable and an application will be made to the ASX for Official Quotation of the Options.
- (d) All Shares issued pursuant to the exercise of Options will be allotted and issued not more than 10 Business Days after receipt of a properly executed notice of exercise and the application monies (as cleared funds) in respect of the exercise.
- (e) All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's fully paid ordinary shares. Subject to ASX listing rules, the Company will apply to ASX for official quotation of all Shares issued upon exercise of the Options within three 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 shareholders during the currency of the Options. However, the Company will send a notice to each option holder at least five Business Days before the record date for any proposed issue of capital on a pro-rata entitlement basis. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (g) There are no rights to a change in 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 Option holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of the reorganisation.
- (i) The Company will, at least 20 Business Days before the Expiry Date, send notices to the Option holders stating the name of the Option holder, the number of Options held and the number of securities to be issued on exercise of the Options, the exercise price, the due date for payment and the consequences of non-payment.
- (j) The terms of the Options shall only be changed if holders (whose votes are not to be disregarded) of ordinary Shares in the Company approve of such a change. However, the terms of the Options shall not be changed to reduce the Exercise Price, increase the number of Options or change any period for exercise of the Options.

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