



*ASX Announcement*

4<sup>th</sup> March 2010

The Manager  
Company Announcements Office  
ASX Ltd  
4th Floor, 20 Bridge Street  
SYDNEY, NSW 2000

Dear Sir,

### **FAUSSE POINT and VERUS UPDATE**

#### **Key Points:**

- Y Fausse Point #1 Well - commercial production declared.**
- Y Flow testing to recommence as soon as production facilities commissioned.**
- Y Current test interval was not an anticipated target in the planned drilling.**
- Y The discovery is potentially part of a very large regional accumulation.**
- Y Additional adjacent land acquisition being reviewed.**

Verus Investments Ltd (“Verus”) is pleased to provide this update and upcoming plans for its activities at the recently drilled Fausse Point (FP) Well in Louisiana, USA.

As reported in an ASX announcement on 8 February, 2010, the joint venture (JV) partners in FP, Golden Gate Petroleum Ltd (GGP) and Pass Petroleum, have declared commercial production of the FP #1 Well.

While the reported flow rates from this 10’ section of the lower interval initially appear moderate, it is important to understand the JV strategy.

Subject to further reservoir engineering work and possible re-perforating of the well casing, the flow rate could significantly increase. It is important to note that environmental regulations in Louisiana only allow a maximum of 72 hours of gas flaring during a well test. This obviously restricted the JV’s ability to fully evaluate the well’s potential over such a short period.

With FP #1, it was decided to install a permanent production pipeline from the well and tie into gas processing facilities and a gas sales pipeline. This will enable all the intersected and interpreted potential hydrocarbon bearing zones to be thoroughly tested and evaluated without regulatory restrictions.

Verus' commitment to the construction and installation of the permanent access road, land leasing, pipeline and processing facilities and the tie into a gas sales pipeline is less than US\$200,000, being 50 per cent of the forecast total of US\$380,000.

GGP, the project operators, has already secured the necessary gas handling and processing equipment, pipeline and a suitable tie in point to allow commercial gas sales. GGP is finalising pipeline easements and has commenced construction of a permanent access road to the well head. Importantly, this road construction removes the significant monthly hire cost of the temporary access road decking that has been necessary for site access over the wetlands.

"This period of pre-production is both a frustrating and exciting time for everyone," Verus Chairman Andrew McIlwain said.

"As we have stated previously, intersecting exciting gas kicks and the substantial 300' of promising formations in our first well is a tremendous outcome for Verus shareholders, we are keen to get in and see what we really have in this well."

"To be sitting on a well that has so much potential - in an industry where less than 10 per cent of exploration wells are successful - with our first well, is right where we want to be."

Verus anticipates commissioning of the production line to take less than two months. During this period, the geologists and geophysicists who form part of the JV technical team will continue to review and interpret all data.

Mr McIlwain said this has been an extremely exciting and interesting well with constant hydrocarbon shows, above normal reservoir pressures and complicated geology - certainly creating considerable interest.

"We will make sure that we understand exactly what we have at the bottom of the well before we move up and start testing the other intervals," he said.

"We have only punched 40 holes of approximately 0.3" in diameter into a 10' length of the casing, so it will be an interesting time when we start testing again.

"Once FP #1 is fully understood, we intend to start developing the strategy for the rest of the field.

The JV has access to more than 350 acres in the region, all in the vicinity of the interpreted southern edge of the salt dome. This an important time for us as it allows the technical team time to re-interpret the seismic and geological data with confidence using actual well data in order understand FP#1, the regional play and to optimise the potential location of FP #2.

"Once we really understand what we have here, drilling an appraisal well is the next objective for us, as a second successful well will enable calculation of reservoir data and forecast production flows," Mr McIlwain said.

"Construction of the permanent road to FP#1 is underway with this in mind and it will provide ready cheap access to the next drill site."

Verus Non-Executive Director and Consultant Petroleum Engineer Greg Lee recently returned from visiting the FP site and meeting with the GGP team.

“Steve Graves and his GGP operations team have excelled with their efforts to get the production line facilities, pipeline and tie in point arranged in such an efficient manner,” he said.

“They are as keen as we are to get into testing and evaluation of this discovery well. Initially, this may only be the full and complex evaluation of this lowest unexpected hydrocarbon bearing zone which may include re-perforating a small or additional section of this interval. Evaluation of the other shallower multiple zones of interest will have to wait until we understand this current zone’s potential. This is a great situation to be in and a good outcome for Verus.”

Mr Lee said that FP had generated significant interest at the NAPE Winter conference in Houston last month, particularly given recently discovered mid size offshore finds in the region, on trend and downdip of FP.

“In addition, it is very encouraging and exciting the interest shown by the project promoter, GGP and Pass in the potential of this lower discovery section of the well which was totally unpredicted. The promoter has elected to take up his rights to back into the development, which means he also contributes to all JV expenditures from here on. This is seen as a significant positive signal and project endorsement to Verus,” he said.

“A team of regional technical experts with salt dome experience have been assembled to compile all the data to evaluate the discovery and the regional implications of the well. We have committed to a full evaluation of this lower section of FP #1 Well as we believe, as does GGP, that we may have discovered a potentially tremendous regional play. The seismic, geology and reservoir potential needs to be fully understood to allow us to determine the upside and develop a strategy to allow us to generate significant value from this well, and if necessary we will secure a substantial land holding position in the local region.

“We have had very encouraging interest in what we have discovered, the potential and our overall corporate strategy. This in turn has generated some other very prospective early cash flow generating development opportunities to review and secure if deemed appropriate.

“In addition, we have been presented with several interesting and flexible project financing packages which the board is currently reviewing. These packages may deliver the potential to accelerate our planned growth.”

Additionally, Verus has commenced the necessary administrative requirements to manage commercialisation of the Fausse Point project. This includes registration of Verus Energy USA Inc – a wholly owned subsidiary of Verus – that will administer all local activities and ensure the timely management of cash transfer to Verus.

“I trust that this comprehensive update of Verus’ activities provides shareholders with a clear understanding of our planned activities and certainly look forward to sharing in this exciting time in the Company’s future,” concluded Mr McIlwain.

Partners in the Fausse Point Project are:

<b>Verus Investments Limited (ASX code: VIL)</b>	<b>50.00% WI</b>
Golden Gate Petroleum Ltd (ASX code: GGP)	20.00% WI
Pass Petroleum L.L.C.	30.00% WI

Yours faithfully



**Andrew McIlwain**  
**Chairman**

**For further information, contact either;**

*Mr. Andrew McIlwain (03) 9817 5067, or*

*Mr. Paul Jurman / Mr. Craig Nelmes (08) 9240 8645*