



ASX Announcement

12 May 2011

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

Dear Sir,

Bongo Update

Key Points

- O.B Ranch #1 back on production and stabilising post gas lift installation.
- Drilling of O.B Ranch #2 appraisal well to commence in May 2011.

Verus Investments Ltd ('Verus'; ASX code: VIL) is pleased to update the market in respect to operations at the Bongo prospect in Wharton County Texas

O.B Ranch #1 (B#1)

Electric logs from the O.B. Ranch #1 (B#1) well indicated significant pay (113ft) was present in the Cook Mountain interval, and the well was perforated then fracture stimulated in the Cook Mountain Sands on 14 November 2010.

Artificial lift has been installed on the B#1 well in Wharton County, Texas, operated by Caza Oil & Gas Inc ("Caza"). Caza continues to work with the well in order to establish a consistent flow rate, which may require additional remedial procedures.

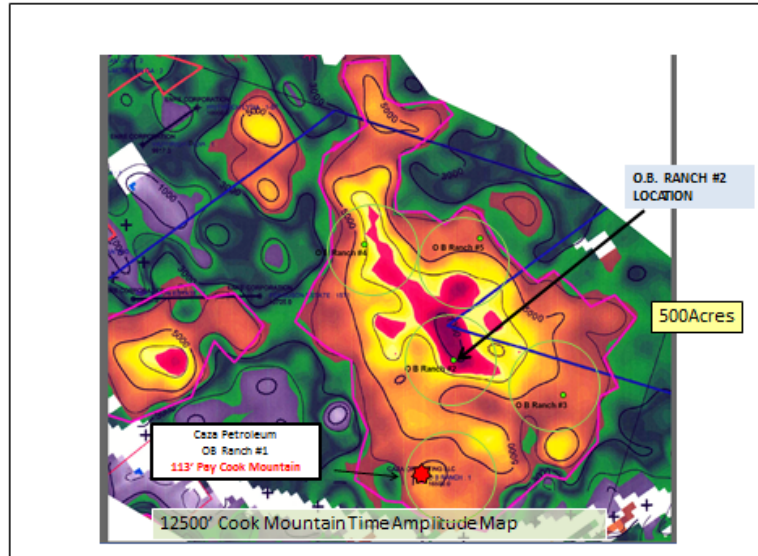
The artificial lift should considerably enhance production, assist in stabilising flow rates and additionally allow a better understanding of the reservoir characteristics including deliverability. The B#1 well had, as of the end of February, produced over 13,700 BO, 135,000 Mcf of gas and almost 10,000 BW.

O.B Ranch #2 (B#2)

The Board is pleased to announce the decision to drill an appraisal well at Bongo.

Caza has contracted a drilling rig for the O.B. Ranch #2 appraisal well, which will be a direct offset to the O.B. Ranch #1 discovery well.

The well is targeting the Eocene, Cook Mountain interval between 12,400 and 12,900 feet, which is the stratigraphic interval producing in the O.B. Ranch #1 well, with an anticipated total depth of 13,500 feet.



Data from this well will be integrated into Caza's ongoing seismic modelling effort in Wharton County, Texas, which will be used to better understand the potential size of the Cook Mountain anomaly at Bongo, as well as other potential targets in the area.

Preparation of the well site location has advanced and a rig has been contracted and is expected to be mobilised to site within the next 10 days. The well is expected to take 20 days to get to target depth (TD).

The location of the B#2 well will be offset from the original B#1 well on an 80 acre spacing. This well location will assess and test the formation in the preferred location which displays the most defined and thickest section of the reservoir sands determined from the re-interpreted seismic.

The development well is designed to target the deeper Cook mountain sands. The well (B#2) is the first proposed well in a potential five to eight-well development program. The shallower Yegua sands, also seen in the first well, will be targeted in subsequent development wells.

The Company's share of the O.B Ranch #2 (B#2) drilling costs (estimated at \$229k) will be substantially funded by production proceeds from O.B Ranch #1(B#1) well.

Bongo Property

The Bongo property is located in Wharton County, Texas and encompasses approximately 2,667 gross acres (1,208 net acres). Verus hold a 9.375% working interest (6.9% Net Revenue Interest) in this property.

The most likely resource potential of the prospect is 3 MMBBL and 25 BCF gas, with upside potential of up to 8 MMBBL and 73BCF gas.

For further information in respect of the Company's activities, please contact:

Mr. Gregory Lee	Mr. Nathan Ryan	Mr. Craig Nelmes
Executive Director	NWR Communications Investor Relations	Finance & Administration
Tel: (+61 8) 9240 8645	Tel: (+61 0) 420 582887	Tel: (+61 8) 9240 8645

COMPETENT PERSONS STATEMENT: The information in this announcement that relates to oil and gas exploration results and hydrocarbon reserves is based on information reviewed by Mr Greg Lee, who is a petroleum engineer. Mr Lee is a Director of the Company. Mr Lee has more than 20 years experience in this discipline and he consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.”