VERUS INVESTMENTS LIMITED

ABN 59 009 575 035

ASX Appendix 4D & Financial report for the half-year ended

31 December 2011

ASX Appendix 4D & Financial report for the half-year ended 31 December 2011

Page

Results for announcement to the market

Current reporting period: half-year ended 31 December 2011
and previous reporting period: half-year ended 31 December 2010

Results				A$
Revenues	Down	13%	to	155,304
Loss from ordinary activities after tax attributable to members	Up	264%	to	4,054,242
Net Loss for the period attributable to members	Up	264%	to	4,054,242

Dividends (distributions)	Amount per security	Franked amount per security
Current period		
Interim dividend declared	-	-
Final dividend paid	-	-
Previous corresponding period		
Interim dividend declared	-	-
Special dividend paid	-	-
Final dividend paid	-	-

Record date for determining entitlements to the dividend,	N/A

A brief explanation of revenue, net profit and dividends has been detailed in the enclosed Directors' report, Statement of comprehensive income, Statement of financial position, Statement of cash flows and Notes to financial statements.

The directors of Verus Investments Limited ("Company" "Verus") submit herewith the financial report of the consolidated entity for the half-year ended 31 December 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

Mr. Sam Russotti (appointed 25 November 2011)
Mr. Mark Freeman
Mr. Gregory Lee
Mr. David Calcei (resigned 25 November 2011)
Mr. Andrew McIlwain (resigned 25 November 2011)

Result

The consolidated loss for the half year was $4,054,242 (2010:$ 1,113,874).

Review of Operations

Sidi Dhaher Project
Tunisia
10% Working Interest (WI)
Operator: ADX Energy Limited (ASX code: ADX)

During July and August 2011 the rig was being prepared on the Sidi Dhaher location to commence drilling operations. The well was spudded in August and drilled to its current target depth (TD), suspended for testing and the rig then released in October 2011.

Sidi Dhaher encountered several potentially productive formations. Analysis of data obtained whilst drilling confirmed the presence of oil in the Bireno formation. Further detailed analysis confirmed a thick, porous and permeable Bireno reservoir with an oil column estimated at 30m.

The structure map was revised and an estimated contingent reserve of 51 mmbbls of oil was determined.

The commerciality of the discovery is contingent on the success of the planned well test. At the date of this report, the testing program was being finalised by the Operator for presentation and approval by the participants. It is anticipated that testing will commence in March 2012.

Review of prospects and leads in the Chorbane block is underway as the Sidi Dhaher discovery could allow the development of additional prospects.

Fausse Point Project
Louisiana, USA
72% (WI)
Operator: Golden Gate Petroleum Ltd (ASX Code: GGP)

The Company completed its review of the Fausse Point prospect (with the assistance of independent consultants), which has resulted in redefinition of the structure and its potential sands, a greatly improved understanding of the prospect, as well as increasing the potential reserves.

The additional information recently obtained, such as local geological data and analogue well data, have greatly assisted in the clearer definition of the prospect and allowed the prospect to be materially de-risked. The analogue well data has multiple sands more than 100ft thick which produced from our correlated target formation at 158 barrels of oil & 6.4 million cubic feet of gas per day.

The primary interval has been mapped and initial evaluation indicates a potential recoverable reserve of up to 21 billion cubic ft of gas (3.8 million barrels of oil equivalent) on an unrisked basis. There are additional prospective sands indicated above and below the primary target. Importantly this new target sands has not been penetrated by any wells drilled in this block.

The Company is looking to finalise planning for a sidetrack well in the first quarter of 2012.

Bowtie West (Sugar Valley No1)
Louisiana, USA
18% WI
Operator: Texakoma Exploration and Production LLC

Verus' technical team has completed an extensive review on the West Bowtie prospect and has elected to withdraw from the Prospect.

Bullseye
Louisiana, USA
10% WI
Operator: Golden Gate Petroleum Ltd (ASX Code: GGP)
Producing Wells – Jumonville #1 (J1) and Jumonville #2 (J2)

The J1 and J2 wells were on production during the half year to December 2011, but are reaching their economic limit due to declining production. It is anticipated that the J1 well may be suspended in the first quarter and the J2 well suspended by mid-year 2012. Once J1 has been suspended at the current interval, there is planning in progress with respect to perforate higher up the well in the Camerina interval.

The Camerina will then be tested to determine its commerciality. The Camerina is estimated to contain 2.2 to 7.1 million barrels of oil and 2 to 7 Bcf of gas. Reservoir extent and productivity is unknown at the moment.

Bongo Prospect
Texas, USA
9.375% WI
Operator: Caza Petroleum Inc (TSX-V and AIM Listed, Code: CAZ)
Producing Wells – OB Ranch #1 and #2

In July 2011, the OB Ranch #2 well reached TD and then prepared to be stimulated and completed as a producing well. Shortly thereafter the well was placed on extended test. The production rates from both the existing OB Ranch #1 and #2 wells were disappointing and flow rates have continued to decline during the half year.

On 28 February 2012 the Company disposed of its interest in the Bongo prospect and associated wells and facilities for US$150,818 (Refer to the Subsequent event Note 8).

Lyons Point
Louisiana, USA
15% WI,
Operator Clayton Williams

A drilling program commenced on the Pruitt et al #1 (Lyons Point) well in September 2011, and although the well intersected potential oil and gas accumulations, the electric logging confirmed non-commercial sands. A decision was made to then plug and abandon the well in November 2011.

Corporate

On 20 October 2011, the Company completed a private placement, issuing 143.5 million shares (and 71.8 million listed options) to raise AUD$861,000 before costs. This placement was subsequently ratified by shareholders at the AGM held on 24 November 2011.

On 25 November 2011, Mr Sam Russotti was appointed Non-executive Chairman, with Mr Andrew McIlwain and Mr David Calcei (in conjunction with this board restructure) both retiring from the Board.

On 2 February 2012, the Company announced a private placement of $983,000 to be allocated towards the planned well test on the Sidi Dhaher discovery, Chorbane block cost overruns, meet costs of technical work performed on Fausse Point as well as for working capital and general corporate purposes.

The Company announced the resignation of Mr Paul Jurman as the Company Secretary, to be replaced by Mr Craig Nelmes with effect 2 February 2012.

Auditor's independence declaration

Section 307C of the Corporations Act 2001 requires our auditors, Deloitte to provide the directors of the company with an independence declaration in relation to the review of the half-year financial report. This independence declaration is set out on page 6 and forms part of this directors' report for the half-year ended 31 December 2011.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors

Gregory Lee
Director

Perth, 29 February 2012

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Woodside Plaza
Level 14
240 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

The Board of Directors
Verus Investments Limited
30 Ledgar Rd
Balcatta WA 6005

29 February 2012

Dear Board Members

Auditor's Independence Declaration to 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 review of the financial statements of Verus Investments Limited for the half year ended 31 December 2011, 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 review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

D J Hall
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Woodside Plaza
Level 14
240 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

Independent Auditor's Review Report to the Members of Verus Investments Limited

We have reviewed the accompanying half-year financial report of Verus Investments Limited, which comprises the condensed statement of financial position as at 31 December 2011, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 9 to 19.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Verus Investments Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Verus Investments Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Deloitte.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Verus Investments Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our conclusion, we draw attention to Note 1 in the financial report which indicates that the consolidated entity incurred a net loss of $4,054,242 and experienced net operating and investing cash outflows of $1,866,691 during the half-year ended 31 December 2011. 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 to continue as a going concern and therefore, it may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

D J Hall
Partner
Chartered Accountants
Perth, 29 February 2012

	Notes	Half-year 31 December 2011 $	Half-year 31 December 2010 $
Revenue from oil and gas sales		155,304	178,074
Cost of sales		(201,157)	(233,409)
Gross profit		(45,853)	(55,335)
Interest income		7,689	10,404
Other income		3,298	-
Corporate & administration expenses		(379,283)	(440,039)
Consulting fees – project introduction and investor relations	2	-	(127,986)
Share based payments – employee benefits expense	2	-	(5,738)
Foreign exchange loss		(1,967)	(46,543)
Restoration Provision		(140,828)	-
Impairment – exploration and evaluation assets	2	(3,497,161)	(448,637)
Depreciation		(137)	-
Loss before income tax		(4,054,242)	(1,113,874)
Income tax expense		-	-
Loss for the period		(4,054,242)	(1,113,874)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		155,245	(719,113)
Total Comprehensive loss for the half-year		(3,898,997)	(1,832,987)

	Cents	Cents
Loss per share from continuing operations attributable to the ordinary equity holders of the company:		
Basic loss per share	0.25	0.12
Diluted loss per share	0.25	0.12

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

Condensed consolidated statement of financial position as at 31 December 2011

	Notes	31 December 2011 $	30 June 2011 $
ASSETS			
Current Assets			
Cash and cash equivalents		658,255	1,740,019
Trade & other receivables		115,532	99,997
Assets classified as asset held for sale	3	148,209	-
Total current assets		921,996	1,840,016
Non-current assets			
Prepayments		-	755,416
Exploration & Evaluation Assets	3	4,812,004	5,497,530
Oil & Gas Properties	4	46,773	107,203
Plant & Equipment		651	788
Total non-current assets		4,859,428	6,360,937
Total assets		5,781,424	8,200,953
LIABILITIES			
Current liabilities			
Trade and other payables		295,400	197,815
Liabilities directly associated with assets classified as held for sale		423,249	-
Total current liabilities		718,649	197,815
Non current liabilities			
Restoration provision		142,730	-
Total non current liabilities		142,730	-
Total liabilities		861,379	197,815
NET ASSETS		4,920,045	8,003,138
EQUITY			
Contributed equity		24,163,391	23,347,487
Reserves		1,465,298	1,310,053
Accumulated losses		(20,708,644)	(16,654,402)
Total equity		4,920,045	8,003,138

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

	Notes	Issued Capital	Reserves: Foreign Currency Translation	Reserves: Equity Settled	Reserves: Other Equity Settled Reserve	Reserves: Option Premium	Accumulated Loss	Total
		$	$	$	$	$	$	$
Balance at 1 July 2010		13,148,308	126,736	331,162	700,000	271,528	(10,196,212)	4,381,522
Loss attributable to members of the parent entity		-	-	-	-	-	(1,113,874)	(1,113,874)
Exchange differences arising on translation of foreign operations		-	(719,113)	-	-	-	-	(719,113)
Total Comprehensive Income		-	(719,113)	-	-	-	(1,113,874)	(1,832,987)
		9,179,094	-	-	-	-	-	9,179,094
Security issued, net of issue costs		(242,258)	-	-	-	-	-	(242,258)
Share based payments – directors & employees	2	-	-	5,738	-	-	-	5,738
Balance at 31 December 2010		**22,085,144**	**(592,377)**	**336,900**	**700,000**	**271,528**	**(11,310,086)**	**11,491,109**
Balance at 1 July 2011		23,347,487	(666,779)	-	1,479,184	497,648	(16,654,402)	8,003,138
Loss attributable to members of the parent entity		-	-	-	-	-	(4,054,242)	(4,054,242)
Exchange differences arising on translation of foreign operations			155,245		-	-	-	155,245
Total Comprehensive Income		-	155,245	-	-	-	(4,054,242)	3,898,997
Shares issued		861,000	-	-	-	-	-	861,000
Share issue costs		(45,096)	-	-	-	-	-	(45,096)
Balance at 31 December 2011		24,163,391	(511,534)		1,479,184	497,648	(20,708,644)	4,920,045

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Half-year 31 December 2011 $	Half-year 31 December 2010 $
Cash flows from operating activities			
Receipts from Customers		43,050	147,166
Interest received		6,509	10,404
Payments to suppliers and employees		(332,721)	(607,333)
Net cash used in operating activities		(283,162)	(449,763)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(1,583,529))	(2,453,275)
Payments for Oil & Gas exploration assets		-	(254,946)
Cash received on subsidiary acquisition		-	110,809
Net cash used in investing activities		(1,583,529)	(2,597,412)
Cash flows from financing activities			
Proceeds from issues of equity securities		861,000	4,013,094
Proceeds from issues of option securities		-	95,000
Payments for share issue costs		(45,096)	(187,423)
Net cash provided by financing activities		815,904	3,920,671
Net (Decrease)/ Increase in cash and cash equivalents		(1,050,787)	873,496
Cash and cash equivalents at the beginning of the half-year		1,740,019	305,986
Effects of exchange rate changes on the balance of cash held in foreign currencies		(30,977)	(46,543)
Cash and cash equivalents at the end of the half-year		658,255	1,132,939

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting.* The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost except for the revaluation of certain non-current assets and financial instruments. 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.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those disclosed in the Company's 2011 annual financial report for the financial year ended 30 June 2011, except for the necessity to enhance the accounting policy with respect to the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New or Revised Standards and Interpretations

In the current year the Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. The following Standards and Interpretations were adopted:

- AASB 124 Related Party Disclosures (2009), AASB 2009-12 Amendments to Australian Accounting Standards
- AASB 2009-10 Amendments to Australian Accounting Standards - Classification of Rights Issues
- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project
- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project
- AASB 2010-5 Amendments to Australian Accounting Standards
- Interpretation 19 Extinguishing Liabilities with Equity Instruments

The adoption of these standards and interpretations did not have any effect on the financial position or performance of the Consolidated Entity.

The Consolidated Entity has not elected to early adopt any new standards or amendments

Going concern

The financial report has 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 half year after tax of $4,054,242 and experienced net operating and investing cash outflows of $1,866,691. As at 31 December 2011 the consolidated entity has net current assets of $203,347 which includes $658,255 in cash and cash equivalents, $115,532 in trade and other receivables, $148,209 in assets classified as asset held for sale, and $718,649 in trade and other payables.

The directors believe that it is appropriate to prepare the financial statements on a going concern basis for the following reasons:

(i) In February 2012, the Company raised a further $983,000 (before costs) from a private placement to sophisticated and professional investors.
(ii) The Company has in place processes aimed at minimising all discretionary expenditures during the year;
(iii) The Company has revenue streams from those projects that are currently in production, namely the Jumonville wells (#1 and 2) ("Bullseye prospect") ;
(iv) The Company believes that its has the capacity to raise new equity to invest in the ongoing development of its oil and gas interests based upon the indicative drilling results achieved to date on each of the projects; and
(v) The Company is not committed to future drilling and well completion costs, beyond the commitments disclosed in note 7 to these accounts, as such that the Company will only expend future amounts if they have sufficient cash to meet the cost.

The ability of the consolidated entity to continue as a going concern is dependent on the ability to source additional funds from debt and/or equity markets to meet working capital requirements and future drilling and (if applicable) well completion costs for each of the projects in which it holds a working interest.

The Directors have reviewed the consolidated entity'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.

Should the Consolidated Entity be unable to source additional funds from debt and/or equity markets, material uncertainty would exist as to the ability of the Consolidated Entity to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts 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 be unable to continue as a going concern.

2. Loss before income tax expense

	Half-year	
	31 December 2011 $	**31 December 2010 $**
The following revenue and expense items are relevant in explaining the financial performance for the half-year:		
Consulting fees – project introduction and investor relations	-	127,986
Share based payments expense – employee benefits expense	-	5,738
Impairment – oil and gas asset	3,497,161	448,637

3. Exploration and Evaluation Assets

	Consolidated	
	31 December 2011 $	30 June 2011 $
Exploration and evaluation – at cost	4,812,004	5,497,530
Movement for the half year		
Opening balance	5,497,530	3,761,066
Additions	2,842,931	2,601,862
Acquired on asset acquisition – Pass Petroleum	-	4,919,841
Impairment of capitalized expenditure (i)	(3,497,161)	(5,032,383)
Translation movement differences	116,913	(752,856)
Transfer to asset available for sale (ii)	(148,209)	-
Carrying amount at the end of half-year	4,812,004	5,497,530

(i) The Company undertook impairment testing during the half-year, resulting in impairment expenses of;
   a. the Bongo prospect (A$1.9 million)
   b. Lyons Point prospect (A$1.4 million)
   c. Bowtie West prospect (A$0.1 million)

(ii) Available for sale asset represents the carrying value of the Bongo prospect interest and subsequently divested on 27 February 2012.

4. Oil and Gas Properties

	Consolidated	
	31 December 2011 $	30 June 2011 $
Oil and Gas Properties -	46,773	107,203
Movement for the half-year		
Carrying amount at beginning of half-year	107,203	-
Acquired on asset acquisition – Pass Petroleum	-	365,942
Amortisation	(63,426)	(244,128)
Translation movement differences	2,996	(14,611)
Carrying amount at end of half-year	46,773	107,203

5. Issued Capital

	Consolidated			
	31 December 2011 No.	**30 June 2011 No.**	**31 December 2010 No.**	**30 June 2010 No.**
(a) Ordinary shares				
Issued and fully paid	1,639,408,563	1,495,908,563	1,363,908,563	685,551,589
(b) Issue of ordinary shares during the half year				
Balance at the beginning of the period	1,495,908,563		685,551,589	
Placement share issues	143,500,000		309,356,974	
Pass acquisition share issue	-		369,000,000	
Less: share issue costs	-		-	
	1,639,408,563		1,363,908,563	

6. Segment information

AASB 8 requires operating segment to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

(a) Description of segments

Following adoption of AASB 8, the identification of the Group's reportable segments has not changed. During the half year the Company considers that it has only operated in two geographical segments, being an investment in on-shore oil & gas exploration within the USA and Africa.

(b) Segment information provided to the Board

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review:

	Revenue		Segment (Loss)	
	Half-year ended		Half-year ended	
	31 December 2011 $	31 December 2010 $	31 December 2011 $	31 December 2010 $
Continuing operations				
Oil and Gas Activities – USA	155,304	178,074	(3,707,602)	(503,972)
Oil and Gas Activities – Africa	-	-	-	-
	155,304	178,074	(3,707,602)	(503,972)
Interest income			7,689	10,404
Other income			3,298	-
Corporate and administration costs			(357,627)	(620,306)
Loss before tax			(4,054,242)	(1,113,874)

	Group Assets by reportable operating segment	
	31 December 2011 $	30 June 2011 $
Oil and Gas Activities - USA	3,543,054	5,188,893
Oil and Gas Activities - Africa	1,649,618	1,381,360
Total segment assets	5,192,672	6,570,253
Unallocated assets	588,752	1,630,700
Total assets	5,781,424	8,200,953

7. Contingencies and commitments

At the date of this report, the Directors were not aware of any contingent liabilities or other capital commitments that are of a material nature, except for the following;

Exploration and evaluation – $43,000

8. Subsequent events

The Company announced to ASX on 2 February 2012 that it would undertake a private placement to sophisticated and professional investors, to raise $983,000 (before costs) to fund the planned well test on the Sidi Dhaher discovery, Chorbane block cost overruns, meet costs of technical work performed on Fausse Point as well as for working capital and general corporate purposes. On 15 February 2012, the Company completed the issue of 245.75 million shares at $0.004 each.

On 28 February 2012, the Company announced the completion of its divesture of its 9.375% interest in the Bongo Prospect to Caza Oil & Gas Inc, including the two producing wells OB Ranch #1 and OB Ranch #2. As announced in a market update on 7 February 2012, production flow rates from both OB Ranch #1 and #2 have been minimal and continue to slowly decline. Efforts to date to improve flow rates have not been successful, with no immediate plans for further investment on this prospect. The Company disposed of the assets for USD$150,818.

On 28 February 2012, the Company announced that following a detailed geological and geophysical review it had elected to withdraw from the Bowtie West Prospect.

No other matter or circumstance has arisen since the end of the half-year reporting period which has not been dealt with in the financial statements that has significantly affected or may significantly effect:

(i) the investments of the Group
(ii) the results of those investments; or
(iii) the state of affairs of the Group.

Director's declaration

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; and

b) In the directors' opinion, the attached financial statements and the notes thereto are in accordance with the *Corporations Act 2001*, including compliance with the accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors:

Gregory Lee
Director

Perth, 29 February 2012

Net tangible assets per security	Current period	Previous corresponding Period
Net tangible assets per security	0.01 cents	0.11 cents

Details of entities over which control has been gained or lost during the period

Name of entity	Date of gain or loss of control	Contribution to reporting entity's loss

Details of associates and joint venture entities

Name of entity	**Percentage of ownership interest held at end of period**		**Aggregate share of net profit (loss) contributed to the reporting entity**	
	Current period	Previous corresponding period	Current period $A	Previous corresponding period $A
Total			-	-