
VERUS INVESTMENTS LIMITED

ACN 009 575 035

NOTICE OF GENERAL MEETING

TIME: 10:00am (WST)

DATE: 13 May 2013

PLACE: Level 21, Allendale Square, 77 St Georges Terrace, Perth.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9389 2000.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:00am (WST) on 13 May 2013 at:

Level 21, Allendale Square,
77 St Georges Terrace,
Perth, Western Australia

YOUR VOTE IS IMPORTANT

The business of the Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10:00am on 11 May 2013.

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – RATIFICATION OF TRANCHE 1 PLACEMENT SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 435,267,520 Shares (on a pre-Consolidation basis) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That pursuant to section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that:

- (a) every 50 Shares be consolidated into 1 Share; and*
- (b) every 50 Options be consolidated into 1 Option,*

and, where this Consolidation results in a fraction of a Share or an Option being held, the Company be authorised to round that fraction up to the nearest whole Share or Option (as the case may be).”

3. RESOLUTION 3 – ISSUE OF TRANCHE 2 PLACEMENT SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 2, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue 5,794,650 Shares (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – ISSUE OF SECURITIES TO SCOTT JONES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 2, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue up to 6,857,143 Shares (on a post-Consolidation basis) and 2,000,000 Options (on a post-Consolidation basis) to Mr Scott Jones (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Scott Jones (or his nominees) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – ISSUE OF SECURITIES TO BRETT LAWRENCE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 2, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue up to 857,143 Shares (on a post-Consolidation basis) and 9,000,000 Options (on a post-Consolidation basis) to Mr Brett Lawrence (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Brett Lawrence (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. RESOLUTION 6 – ISSUE OF OPTIONS TO IAN COCKERILL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 2, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue 2,000,000 Options (on a post-Consolidation basis) to Ian Cockerill (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Ian Cockerill (or his nominee) and any person who might obtain a benefit, except a benefit solely in the capacity of holder of ordinary securities, if the resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 7 – ISSUE OF OPTIONS TO ARGONAUT LIMITED

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 2, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue 3,000,000 Options (on a post-Consolidation basis) to Argonaut Limited (or its nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Argonaut Limited (or its nominee) and any person who might obtain a benefit, except a benefit solely in the capacity of holder of ordinary securities, if the resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

DATED: 10 APRIL 2013

BY ORDER OF THE BOARD

**MARK FREEMAN
NON-EXECUTIVE DIRECTOR
VERUS INVESTMENTS LIMITED**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. RESOLUTION 1 – RATIFICATION OF TRANCHE 1 PLACEMENT SHARES

1.1 General

On a date to be set before the Meeting, the Company intends to issue a total of 435,267,520 Shares (on a pre-Consolidation basis) to sophisticated investor clients of Argonaut Limited at an issue price of \$0.0007 per Share in order to raise \$304,687. These Shares will be issued as Tranche 1 under the Company's 15% placement capacity.

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

1.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) a total of 435,267,520 Shares (on a pre-Consolidation basis) will be allotted and issued on a date yet to be determined but in any event will occur prior to the Meeting;
- (b) the issue price will be \$0.0007 per Share;
- (c) the Shares to be issued will all be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares will be allotted and issued to sophisticated investor clients of Argonaut Limited, none of whom will be related parties of the Company; and
- (e) the funds raised from this issue (\$304,687) will be applied towards new project acquisitions and investment opportunities for the Company in the oil and gas sector and for working capital.

2. RESOLUTION 2 - CONSOLIDATION OF CAPITAL

2.1 Background

Resolution 2 seeks Shareholder approval to consolidate the number of Shares and Options on issue on a 1 for 50 basis (**Consolidation**).

The purpose of the Consolidation is to reduce the number of Shares and Options on issue, to correspondingly increase the imputed value of each Share and Option, to make investment in the Company's securities more attractive to institutional and other investors and to position the Company for long term growth.

2.2 Legal requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares and options into a larger or smaller number.

2.3 Fractional entitlements and taxation

Not all Shareholders and Optionholders will hold that number of Shares and Options which can be evenly consolidated on a 1 for 50 basis. Where a fractional entitlement occurs, the Directors will round that fraction up to the nearest whole Share and Option.

Shareholders and Optionholders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, nor the Directors (or the Company's advisors) accept any responsibility for the individual taxation implications arising from the Consolidation.

2.4 Holding statements

From the date of the Consolidation all holding statements for Shares and Options will cease to have any effect, except as evidence of entitlement to a certain number of Shares and Options on a post-Consolidation basis. After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares and Options to be issued to holders of those Shares and Options.

It is the responsibility of each Shareholder and Optionholder to check the number of Shares and Options held prior to any disposal or exercise (as the case may be).

2.5 Effect on capital structure

The effect which the Consolidation will have on the capital structure of the Company is set out below:

	Shares (pre-Consolidation)	Options (Pre-Consolidation)	Shares (post-Consolidation)	Options (post-Consolidation)
Current capital structure	2,901,783,462	68,000,000 ¹	58,035,669	1,360,000 ²
Issued on completion of the placement (Resolutions 1 and 3)	725,000,000	Nil	14,500,000	Nil
Issued on completion of the entitlements issue	2,538,748,423	Nil	50,774,968	Nil
Maximum shares issued to Messrs Jones and Lawrence (on basis there is no shortfall availability)	385,714,286	Nil	7,714,286	Nil

Issue of New Options	Nil	800,000,000 ³	Nil	16,000,000 ⁴
Total	6,551,246,171	868,000,000	131,024,923	17,360,000

Note

¹ On a pre-Consolidation basis, this consists of 500,000 unlisted options exercisable at \$0.015 each expiring on 9 December 2012 and 67,500,000 unlisted options exercisable at \$0.025 each expiring on 31 December 2013.

² On a post-Consolidation basis, this consists of 10,000 unlisted options exercisable at \$0.75 each expiring on 9 December 2012 and 1,350,000 unlisted options exercisable at \$1.25 each expiring on 31 December 2013.

³ On a pre-Consolidation basis, these unlisted options will be exercisable at \$2.50 each expiring on 30 June 2017.

⁴ On a post-Consolidation basis, these unlisted options will be exercisable at \$0.05 each expiring on 30 June 2017.

2.6 Timetable

The indicative timetable for the Consolidation is as follows:

Event	Date
General Meeting	13 May 2013
Notification to ASX of results of General Meeting	13 May 2013
Last day for trading in pre-reorganised securities	14 May 2013
Trading in reorganised securities on a deferred settlement basis would ordinarily occur	15 May 2013
Last day to register transfers on a pre-reorganisation basis	21 May 2013
First day for Company to send notice to Shareholders of change of holdings as a result of reorganisation First day for Company to register securities on a post-reorganisation basis and for issue of holding statements	22 May 2013
Despatch date Deferred settlement market ends Last day for securities to be entered into the holders' security holdings and for Company to send notice to each security holder	28 May 2013

3. RESOLUTION 3 – ISSUE OF TRANCHE 2 PLACEMENT SHARES

3.1 General

In addition to those shares issued pursuant to Resolution 1, the Company intends to issue a total of 5,794,650 Shares (on a post-Consolidation basis) to sophisticated investor clients of Argonaut Limited at an issue price of \$0.035 per Share in order to raise \$202,813. These Shares will be issued as Tranche 2.

A summary of Listing Rule 7.1 is set out in Section 1.1 above.

The effect of Resolution 3 will be to allow the Company to issue the Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

3.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Share issue:

- (a) the maximum number of Shares to be issued is 5,794,650 Shares (on a post-Consolidation basis);
- (b) the Shares will be issued sophisticated investor clients of Argonaut Limited, none of whom will be related parties of the Company;
- (c) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (d) the issue price will be \$0.035 per Share;
- (e) the Shares to be issued will all be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the funds raised from this issue (\$202,813) will be applied towards new project acquisitions and investment opportunities for the Company in the oil and gas sector and for working capital.

4. RESOLUTIONS 4 AND 5 – ISSUE OF SECURITIES TO SCOTT JONES AND BRETT LAWRENCE

4.1 General

As announced on 21 March 2013, the Company is proposing to undertake an entitlements issue to its Shareholders following the Consolidation on the basis of seven (7) Shares for every ten (10) Shares held at an issue price of \$0.035 each in order to raise \$1,777,124 (**Offer**). Both Mr Scott Jones and Mr Brett Lawrence, directors of the Company, intend to underwrite up to \$270,000 worth of shortfall under the Offer, whereby Mr Jones will underwrite \$240,000 (being up to 6,857,143 Shares) (on a post-Consolidation basis) and Mr Lawrence will underwrite \$30,000 (being up to 857,143 Shares) (on a post-Consolidation basis).

In the event that such shortfall is unavailable, the Company wishes to obtain the approval of its Shareholders to issue these Shares to the Directors at the same price as those offered under the shortfall (\$0.035 per Share) by way of a separate placement.

In addition, the Company has agreed to issue Mr Lawrence 9,000,000 unlisted Options (on a post-Consolidation basis) and Mr Jones 2,000,000 unlisted Options (on a post-Consolidation basis) which will have an exercise price of \$0.05 each expiring on or before 30 June 2017 as an incentive based payment as new members of the Board and their commitment to subscribe for shortfall under the Offer.

The purpose of Resolutions 4 and 5 is for the approval for the issue of the Shares and Options to Messrs Lawrence and Jones.

4.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Shares and Options to Messrs Lawrence and Jones constitutes the giving of a financial benefit and Messrs Lawrence and Jones are related parties of the Company by virtue of being directors.

The Directors who do not have a material personal interest in the Resolution consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Shares because their issue is deemed to be on ordinary commercial 'arm's length' terms and the issue of Options is deemed to be 'reasonable remuneration'.

4.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the Company will be issuing securities to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

4.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the issue:

- (a) the Company is seeking approval to issue Mr Jones (or his nominee) up to 6,857,143 Shares (on a post-Consolidation basis) and 2,000,000 unlisted Options (on a post-Consolidation basis) and Mr Lawrence (or his nominee) up to 857,143 Shares (on a post-Consolidation basis) and 9,000,000 unlisted Options (on a post-Consolidation basis);
- (b) both Mr Lawrence and Mr Jones are related parties of the Company by virtue of being Directors of the Company;
- (c) the Shares and Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (d) the Shares will have an issue price of \$0.035 per Share;

- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Options will be issued on the terms and conditions as set out in Schedule 1. The Options will be issued for nil cash consideration; and
- (g) the funds raised from this issue (being up to \$270,000) will be used towards funding new project acquisitions and investment opportunities for the Company in the oil and gas sector. The Options are being issued to Messrs Lawrence and Jones as an incentive based payment as new members of the Board and their commitment to subscribe for shortfall under the Offer.

Approval pursuant to ASX Listing Rule 7.1 is not required for this issue as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of securities to Messrs Jones and Lawrence (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

5. RESOLUTION 6 – ISSUE OF OPTIONS TO IAN COCKERILL

5.1 General

As announced on 21 March 2013, Mr Ian Cockerill, a geologist/geophysicist will be joining the management team on a part-time consulting basis. The Company has agreed to issue Mr Cockerill 2,000,000 Options (on a post-Consolidation basis) with an exercise price of \$0.05 each expiring on or before 30 June 2017 as an incentive based payment as part of his appointment to the Company's senior management team.

A summary of ASX Listing Rule 7.1 is set out in Section 1.1 above.

The effect of Resolution 6 will be to allow the Company to issue the Options to Mr Cockerill during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

5.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Option issue:

- (a) the maximum number of Options to be issued is 2,000,000 Options;
- (b) the Options will be issued to Mr Ian Cockerill (or his nominee), a part-time consultant of the Company. Mr Cockerill is not a related party of the Company;
- (c) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (d) the Options will be issued for nil cash consideration;
- (e) the Options will be issued on the terms and conditions set out in Schedule 1; and

- (f) no funds will be raised from this issue as the Options are being issued as an incentive based payment as part of Mr Cockerill's appointment to the Company's senior management team.

6. RESOLUTION 7 – ISSUE OF OPTIONS TO ARGONAUT

6.1 General

As set out in Resolutions 1 and 3, the Company intends to issue a total of 725,000,000 Shares to sophisticated investor clients of Argonaut Limited in order to raise \$507,500. In consideration for its role in the placement, the Company has agreed to issue to Argonaut Limited (or its nominee) 3,000,000 unlisted Options (on a post-Consolidation basis) at an issue price of \$0.0001 per Option with an exercise price of \$0.05 each expiring on or before 30 June 2017.

A summary of ASX Listing Rule 7.1 is set out in Section 1.1 above.

The effect of Resolution 7 will be to allow the Company to issue the Options to Argonaut Limited (or its nominee) during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

6.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Options issue:

- (a) the maximum number of Options to be issued is 3,000,000 Options (on a post-Consolidation basis);
- (b) the Options will be issued to Argonaut Limited (or its nominee), who is not a related party of the Company;
- (c) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (d) the Options will be issued for \$0.0001 each;
- (e) the Options will be issued on the terms and conditions set out in Schedule 1; and
- (f) \$300 will be raised from this issue as the Options are being issued to Argonaut Limited (or its nominee).

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means Verus Investments Limited (ACN 009 575 035).

Consolidation means the consolidation of the Company's capital on the basis of 1 Share for every 50 Shares held and 1 Option for every 50 Options held.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS OF OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.05 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5.00pm (WST) on 30 June 2017 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)0 for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

PROXY FORM

**APPOINTMENT OF PROXY
VERUS INVESTMENTS LIMITED
ACN 009 575 035**

GENERAL MEETING

I/We

of

being a Shareholder entitled to attend and vote at the Meeting, hereby
appoint

Name of proxy

OR the Chair as my/our proxy

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10am (WST), on 13 May 2013 at Level 21, Allendale Square, 77 St Georges Terrace, Perth, and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Voting on business of the Meeting

Resolution 1 – Ratification of Tranche 1 Placement Shares
Resolution 2 – Consolidation of Capital
Resolution 3 – Issue of Tranche 2 Placement Shares
Resolution 4 – Issue of Securities to Scott Jones
Resolution 5 – Issue of Securities to Brett Lawrence
Resolution 6 – Issue of Options to Ian Cockerill
Resolution 7 – Issue of Options to Argonaut Limited

FOR AGAINST ABSTAIN

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Important for Resolutions 4 and 5

If you have not directed your proxy how to vote as your proxy in respect of Resolutions 4 and 5 and the Chair is, or may by default be, appointed your proxy, you must mark the box below.

I/we direct the Chair to vote in accordance with his/her voting intentions (as set out above) on Resolutions 4 and 5 (except where I/we have indicated a different voting intention above) and acknowledge that the Chair may exercise my/our proxy even if the Chair has an interest in the outcome of Resolutions 4 and 5 and that votes cast by the Chair for Resolutions 4 and 5, other than as proxy holder, will be disregarded because of that interest.

If the Chair is, or may by default be, appointed your proxy and you do not mark this box and you have not directed the Chair how to vote, the Chair will not cast your votes on Resolutions 4 and 5 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 4 and 5.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____ %

Signature of Shareholder(s):

Date: _____

Individual or Shareholder 1

Shareholder 2

Shareholder 3

**Sole Director/Company
Secretary**

Director

Director/Company Secretary

Contact Name: _____ **Contact Ph (daytime):** _____

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - (a) **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - (b) **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - (c) **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - (d) **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Verus Investments Limited, PO Box Z5446, Perth, Western Australia, 6831; or
 - (b) facsimile to the Company on facsimile number +61 8 9389 2099; or
 - (c) email to the Company at info@verus.com,

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy forms received later than this time will be invalid.
