HALF-YEAR FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2018

VENUS METALS
CORPORATION LIMITED

ABN 99 123 250 582

CORPORATE DIRECTORY

DIRECTORS

Alan Gordon Birchmore AO
Non-Executive Chairman

Matthew Vernon Hogan
Managing Director

Barry Fehlberg
Executive Director

Selvakumar Arunachalam
Executive Director

COMPANY SECRETARY

Patrick Tan

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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Perth WA 6000
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SOLICITORS

Gilbert + Tobin
Level 16, Brookfield Place Tower
2/123 St Georges Terrace
Perth WA 6000

AUDITORS

Stantons International
Level 2, 1 Walker Avenue
West Perth WA 6005

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
Suite 1, 770 Canning Highway
Applecross WA 6153
Tel: 1300 992 916

AUSTRALIAN SECURITIES EXCHANGE

ASX Limited
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000

ASX CODE: **VMC**

WEBSITE

www.venusmetals.com.au

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DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2018.

DIRECTOR

The names of Directors in office during the half-year and until the date of this report are as follows.

Directors were in the office for this entire period unless otherwise stated.

Alan Gordon Birchmore
Matthew Vernon Hogan
Barry Fehlberg
Selvakumar Arunachalam

COMPANY SECRETARY

Patrick Tan (appointed 1 July 2018)
Dean Calder (resigned 1 July 2018)

PRINCIPAL ACTIVITIES

The principal activities of the Group during course of the financial year were the exploration of mineral tenements in Western Australia.

There were no other significant changes in the nature of the activities of the Group during the year.

OPERATING RESULTS

The loss of the Group for the six months to 31 December 2018 amounted to $1,160,044 (31 December 2017: loss of $766,807).

REVIEW OF OPERATIONS

During the period, the Group continued its exploration activities in Western Australia.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no other significant changes in the state of affairs of the Group that occurred during the financial year.

EVENTS SUBSEQUENT TO REPORTING DATE

On 22 January 2019, the Company completed the private placement of 3,333,332 fully paid ordinary shares to professional and sophisticated investors at an issue price of $0.15 per share, to raise approximately $500,000 before costs. Funds raised under the placement are to be used for exploration at the DeGrussa North Copper Project, Bell Chambers Gold Project and general working capital purposes.

Other than the above, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affair of the Group, in the future financial years.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half year ended 31 December 2018 as required under Section 307C of the *Corporations Act 2001* is set out on page 15.

Signed in accordance with a resolution of the Board of Directors.

Matthew Vernon Hogan
Managing Director
Perth, Western
Australia

12 March 2019

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2018

	Note	6 months to 31 Dec 2018 $	6 months to 31 Dec 2017 $
Revenue	3	371,500	16,669
Administration expense		(788,930)	(447,885)
Exploration expense		(721,208)	(307,387)
Depreciation and amortisation expense		(3,581)	(3,494)
Share based expense		(9,002)	(18,484)
Profit on sale of fixed assets		18,457	-
Loss on sale of investments		(27,280)	-
Change in Market Value of Shares		-	(6,000)
Interest expense		-	(226)
Loss before income tax		**(1,160,044)**	**(766,807)**
Income tax		-	-
Loss for the half year		**(1,160,044)**	**(766,807)**
Other comprehensive income		-	-
Income tax on other comprehensive income		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period		**(1,160,044)**	**(766,807)**
Net loss attributable to:			
Owners of the Company		(1,160,044)	(766,807)
Net loss for the period		**(1,160,044)**	**(766,807)**
Total comprehensive loss attributable to:			
Owners of the Company		(1,160,044)	(766,807)
Total comprehensive loss for the period		**(1,160,044)**	**(766,807)**
Earnings per share			
Basic loss per share		(0.013)	(0.010)
Diluted loss per share		(0.013)	(0.010)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Note	31 Dec 2018 $	30 Jun 2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	341,953	863,699
Trade and other receivables	5	59,563	68,356
Prepayments		107,859	134,783
TOTAL CURRENT ASSETS		**509,375**	**1,066,838**
NON-CURRENT ASSETS			
Property, plant and equipment		39,687	40,722
Acquisition costs capitalized	6	1,623,770	1,573,770
TOTAL NON-CURRENT ASSETS		**1,663,457**	**1,614,492**
TOTAL ASSETS		**2,172,832**	**2,681,330**
CURRENT LIABILITIES			
Trade and other payables		410,850	188,472
Convertible loan	7	395,578	-
Employee benefits		71,200	54,253
Other current liabilities		21,750	22,581
TOTAL CURRENT LIABILITIES		**899,378**	**265,306**
TOTAL LIABILITIES		**899,378**	**265,306**
NET ASSETS		**1,273,454**	**2,416,024**
EQUITY			
Share capital	8	23,046,944	22,857,323
Shares to be issued	8	-	192,000
Reserves	8	3,570,531	3,561,204
Convertible loan reserve	7	10,526	-
Accumulated losses		(25,354,547)	(24,194,503)
TOTAL EQUITY		**1,273,454**	**2,416,024**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2018

Attributable to owners of the Company

	Share Capital	Shares to be issued	Share Options Reserve	Accumulated Losses	Convertible Loan Reserve	Total Equity
	$	$	$	$	$	$
As at 1 July 2018	**22,857,323**	**192,000**	**3,561,204**	**(24,194,503)**	**-**	**2,416,024**
Total comprehensive income for the period						
Loss for the period	-	-	-	(1,160,044)	-	(1,160,044)
Total comprehensive loss for the period	**-**	**-**	**-**	**(1,160,044)**	**-**	**(1,160,044)**
Transactions with owners recorded directly into equity						
Contributions by and distributions to owners						
Issue of ordinary shares	192,000	(192,000)	-	-		-
Issue of options as share based payments	-	-	9,327	-		9,327
Issue of options under rights issue to shareholders	-	-	-	-		-
Issue of convertible loan	-	-	-	-	10,526	10,526
Transaction costs	(2,379)	-	-	-		(2,379)
Balance at 31 Dec 2018	**23,046,944**	**-**	**3,570,531**	**(25,354,547)**	**10,526**	**1,273,454**

	Share Capital	Shares to be issued	Share Options Reserve	Accumulated Losses	Convertible Loan Reserve	Total Equity
	$	$	$	$	$	$
As at 1 July 2017	**21,191,162**	**-**	**3,045,171**	**(22,457,021)**	**-**	**1,779,312**
Total comprehensive income for the period						
Loss for the period	-	-	-	(766,807)	-	(766,807)
Total comprehensive loss for the period	**-**	**-**	**-**	**(766,807)**	**-**	**(766,807)**
Transactions with owners recorded directly into equity						
Contributions by and distributions to owners						
Issue of ordinary shares	680,000	-	-	-	-	680,000
Issue of options as share based payments	-	-	18,484	-	-	18,484
Issue of options under rights issue to shareholders	-	-	511,653	-	-	511,653
Transaction costs	(51,140)	-	(14,104)	-	-	(65,244)
Balance at 31 Dec 2017	**21,820,022**	**-**	**3,561,204**	**(23,223,828)**	**-**	**2,157,398**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2018

	Note	6 months to 31 Dec 2018 $	6 months to 31 Dec 2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		1,500	1,641
Cash paid to suppliers and employees		(455,590)	(516,967)
Exploration expenditure (net of JV cash calls)		(754,153)	(325,432)
Government grants		-	15,028
Option fees received		250,000	-
Interest paid		-	(226)
Net cash flows used in operating activities		**(958,243)**	**(825,956)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of plant and equipment		(4,919)	(4,348)
Acquisition of listed investment		-	(30,000)
Acquisition of tenements		(50,000)	-
Proceeds from sale of fixed assets		750	-
Proceeds from sale of listed investment		92,720	-
Net cash flows from / (used) in investing activities		**38,551**	**(34,348)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares (net of costs)		(2,379)	628,860
Proceeds from convertible loan		400,000	-
Proceeds from issue of unlisted options		325	-
Proceeds from issues of listed options (net of costs)		-	497,549
Net cash flows from financing activities		**397,946**	**1,126,409**
Net increase /(decrease) in cash and cash equivalents		(521,746)	266,105
Cash and cash equivalents at beginning of financial period		863,699	537,725
Cash and cash equivalents at end of financial period	4	341,953	803,830

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 1 Reporting entity

Venus Metals Corporation Limited (the "Company") is a company domiciled in Australia. The Company's registered address is Level M, 28 The Esplanade, Perth, WA 6000. The consolidated financial statements of the Group as at and for the half-year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group Entities") and the Group's jointly controlled entities. The Group is a for-profit entity and primarily is involved in exploration for vanadium, cobalt-nickel, gold and lithium.

The annual financial report of the Group for the year ended 30 June 2018 is available upon request from the Group's registered office at Level M, 28 The Esplanade, Perth 6000, Western Australia or from the Group's website at www.venusmetals.com.au.

Note 2 Summaries of significant accounting policies

(a) Basis of Preparation

The financial statements are prepared on a going concern basis in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

It is recommended that the half-year financial statements be read in conjunction with the annual report for the year ended 30 June 2018 and considered with any public announcements made by the Group during the half-year ended 31 December 2018 in accordance with continuous disclosure obligations of the ASX Listing Rules.

The half-year financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 30 June 2018.

The half-year financial statements have been prepared on accrual basis and on a historical cost basis, except as modified by certain financial assets carried at fair value.

The accounting policies applied by the Group in these financial statements are consistent with those applied by the Group in its annual financial report for the year ended 30 June 2018, except for as stated in Note 2 (c).

(b) Going concern

The financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation and extinguishment of liabilities in the ordinary courses of business.

For the half year ended 31 December 2018 the Group incurred a loss of $1,160,044 (31 December 2017: loss $766,807) and had working capital deficit of $390,003 (30 June 2018: surplus $801,532). Based upon the Group's existing cash resources of $341,953 (30 June 2018: $863,699), the ability to modify expenditure outlays if required, and to source additional funds, the Directors consider there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, and therefore the going concern basis of preparation is considered to be appropriate for the Group's 31 December 2018 half year financial report.

The Board of Directors is aware of the Group's working capital requirements and the need to access additional equity funding or asset divestment if required within the next 12 months.

In the event that the Group is not able to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and perhaps at amounts different to those stated in its financial report.

(c) Accounting policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. The Group has considered the implications of new and amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 2 Summaries of significant accounting policies (continued)

(c) Accounting policies (continued)

The Group is required to change some of its accounting policies as a result of new or revised accounting standards which became effective from 1 January 2018. The affected policies and standards are:

- AASB 9 Financial Instruments
- AASB 15 Revenue from Contracts with Customers

New and amended standards adopted by the Group / Company

AASB 9 Financial Instruments

The Group has adopted AASB 9 from 1 July 2018 because the new accounting standard provides more relevant information to users of the financial report, in that it introduces new requirements for the classification and measurement of financial assets and financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets and liabilities as compared to the requirements of AASB 139. The new standard is effective for annual reporting periods beginning on or after 1 January 2018.

The adoption of AASB 9 now requires the Group to account for impairment losses on financial assets through a forward-looking expected credit loss (ECL) approach. For trade and other receivables, the Group has applied the standard's simplified approach for calculating ECLs based on lifetime expected credit losses. This did not result in the recognition of a material impairment loss on the Group's receivable. There were no changes to the Group's other financial liabilities.

Due to the nature of the Group's financial assets and liabilities, the adoption of AASB 9 did not result in a significant impact to any transactions or balances recognised in the financial statements at 31 December 2018.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118: Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations. In summary, AASB 15:

- establishes a new revenue recognition model;
- changes the basis for deciding whether revenue is to be recognised over time at a point in time;
- provides a new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return and warranties); and
- expands and improves disclosures about revenue.

Based on the Group's current assessment, the standard has not had a material impact on the transactions and balances recognised in the financial statements as the Group is not currently in production and therefore does not generate operating revenue.

Impact of standards issued but not yet applied by the Company/Group

AASB 16 Leases

AASB 16 replaces AASB 117 Leases and some lease-related Interpretations. In summary, AASB 16:

- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117; and
- requires new and different disclosures about leases.

The Group is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the Group's preliminary assessment, the standard is not expected to have a material impact on the transactions and balances recognised in the financial statements. The Group's current lease obligations consist of leases on office premises in Perth, Western Australia.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 3 Revenue

	6 months to 31 Dec 2018	6 months to 31 Dec 2017
	$	$
Interest income	1,500	1,641
Government grants	-	15,028
Option fee received (1)	370,000	-
	371,500	**16,669**

(1) Consist of $200,000 cash received under Farm-In Agreement with Pilgangoora Minerals Pty Ltd on 30 October 2018 and $170,000 ($50,000 in cash and $120,000 in equity shares) under Option Agreement with Lepidico Ltd on 26 July 2018.

Note 4 Cash and cash equivalents

	31 Dec 2018	30 Jun 2018
	$	$
Cash at bank and on hand	341,953	863,699
	341,953	**863,699**

Note 5 Trade and other receivables

	31 Dec 2018	30 Jun 2018
	$	$
Receivables from joint venture partner	8,453	33,745
Other receivables	51,110	34,611
	59,563	**68,356**

Receivables from joint venture partner are non-interest bearing and are on 14-day payment terms. They are neither past due nor impaired.

Note 6 Capitalised acquisition costs

	31 Dec 2018	30 Jun 2018
	$	$
Cost		
Opening balance	1,573,770	1,361,770
Additions[1]	50,000	212,000
Sold during the period	-	
Closing balance	1,623,770	1,573,770
Impairment		
Opening balance	-	-
Impairment	-	-
Closing balance	-	-
Carrying amounts	**1,623,770**	**1,573,770**

The ultimate recoupment of capitalised acquisition costs carried forward is dependent on successful development and commercial exploitation or, alternatively, sale of the respective project areas.

(1) Additions represent option fee paid for extension of option to St Clair Resources Pty Ltd (Refer to Note 13).

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 7 Convertible loan

The Company entered into a convertible loan agreement dated 3 September 2018 with Bazco Pty Ltd (**Bazco**), an entity controlled by Mr Barry Fehlberg, an Executive Director of the Company to advance $400,000 to the Company.

The convertible loan accrues interest at a rate of 8% per annum and is repayable on 12 months after advancement of funds on 9 October 2018.

At any time prior to repayment date, the Company may elect to repay the principal in cash or convert by issuing 2 million shares at $0.20 per share and the accrued interest is to be paid in cash. Shareholders of the Company has approved the issuing up to 2 million shares at the Company's annual general meeting on 28 November 2018

Provided the convertible loan has not been repaid or converted, Mr Fehlberg may only elect to convert the convertible loan into up to 1 million shares at $0.20 per share, with the balance of the convertible loan and any interest accrued to be repaid in cash or convertible at the election of the Company.

For accounting purposes, the convertible loan has been treated as a compound financial instrument and has therefore been split into a liability and equity portion. The effective interest rate of the convertible loan is 14.0%.

	31 Dec 2018 $	30 Jun 2018 $
Balance at the beginning of period	-	-
Placement of notes	400,000	-
Adjustment to Equity	(10,526)	-
Unwinding of financial costs	6,104	-
Balance at the end of period	**395,578**	**-**

Note 8 Capital and reserves

Share capital

	31 Dec 2018 $	30 Jun 2018 $
(a) 87,181,359 (30 June 2018: 85,581,359) fully paid ordinary shares	23,046,944	22,857,323

	31 Dec 2018 No.	30 Jun 2018 No.	31 Dec 2018 $	30 Jun 2018 $
At the beginning of reporting period	85,581,359	69,964,693	22,857,323	21,191,162
Issued during the period	1,600,000	15,616,666	192,000	1,738,000
Share issue costs	-	-	(2,379)	(71,839)
In issue at reporting date	**87,181,359**	**85,581,359**	**23,046,944**	**22,857,323**

	31 Dec 2018 No.	30 Jun 2018 No.	31 Dec 2018 $	30 Jun 2018 $
(b) Shares to be issued*	**-**	1,600,000	**-**	192,000

*Funds were received as part of placement in May 2018 but were only issued in July 2018 after shareholder approval.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 8 Capital and reserves (continued)

Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the Company's residue assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Reserves – Share Option Reserve

	31 Dec 2018 $	30 Jun 2018 $
At the beginning of reporting period	3,561,204	3,045,171
Share-based payment transactions	9,327	18,484
Capital raising costs	-	(14,104)
Issue of listed options for cash	-	511,653
As reporting date	**3,570,531**	**3,561,204**

Options

	No.	No.
At the beginning of reporting period	62,437,722	36,849,491
Issued during the period	3,250,000	25,588,231
Exercised during the period	-	-
Lapsed during the period	-	-
As reporting date	**65,687,722**	**62,437,722**

Nature and purpose of the share option reserve

Share-based payment transactions

The share option reserve is used to recognise the value of equity-settled share-based payment transaction provided to employees, including key management personnel, as part of their remuneration and the value of issued options issued during the year net of listing costs. Refer to Note 9 for further details of these plans.

Note 9 Share-based payment arrangements

Description of the share-based payment arrangements

Employee Equity Incentive Plan (Plan)

On 11 October 2018 the Company established an incentive plan to replace its previous employee share option plan established on 15 March 2007, under which employees and executive Directors may be offered the opportunity to subscribe for Shares, Options and Performance Rights (**Awards**) to acquire Shares in the Company in order to increase the range of potential incentives available to them and to strengthen links between the Company and its employees.

The Plan is designed to provide incentives to the employees of the Company and to recognise their contribution to the Company's success. Under the Company's current circumstances, the Directors consider that the incentives to employees are a cost effective and efficient incentive for the Company as opposed to alternative forms of incentives such as cash bonuses or increased remuneration. To enable the Company to secure employees and Directors who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The Plan is designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain significant shareholdings in the Company.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 9 Share-based payment arrangements (continued)

On 28 November 2018, the shareholders approved to issue 3,250,000 unlisted options at an issue price of $0.0001 per option (each option having an exercise price of $0.25 and an expiry date of 30 November 2021) to the Directors (or their nominees) and employees as set out below:

Director/Nominee	Number of Options
Timothy Hogan, Matthew Hogan and Paul Hogan as trustees for the Hogan Employee Super Fund (Mr Matthew Hogan's nominee)	750,000 (375,000 vesting on 11 Dec 2019 and 375,000 vesting on 11 Dec 2020)
Mr Barry Fehlberg, or his nominee(s)	750,000 (375,000 vesting on 11 Dec 2019 and 375,000 vesting on 11 Dec 2020)
Mr Alan Birchmore, or his nominee(s)	500,000 (250,000 vesting on 11 Dec 2019 and 250,000 vesting on 11 Dec 2020)
Mr Selvakumar Arunachalam, or his nominee(s)	500,000 (250,000 vesting on 11 Dec 2019 and 250,000 vesting on 11 Dec 2020)
Employees	750,000 (375,000 vesting on 11 Dec 2019 and 375,000 vesting on 11 Dec 2020)
Total	**3,250,000**

Inputs for measurement of grant date fair values

The fair value at grant date is measured using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. Expected volatility is estimated by considering historic average share price volatility.

The model inputs for 2018 include:

Grant Date	Expiry Date	Exercise Price	Life of option	Share price at grant date	Expected share price volatility	Dividend yield	Risk-free Interest rate	Fair value at grant date
28-Nov-18	30-Nov-21	0.25	3 Years	0.150	88%	-	2.09%	6.74 cents

Note 10 Operating segments

The Group operates predominantly in the mineral exploration industry in Australia. For management purposes, the Group is organised into one main operating segment which involves the exploration of minerals in Australia. All of the Group's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

Note 11 Contingent liabilities

Royalties payable under the Yalgoo tenements:

On 15 August 2008 the Company entered into a contract with Messrs Parry, Hill and Asphar to acquire the Yalgoo tenements and a term of the contract is to pay Royalties as follows:

(i) a royalty of 1.25% of the FOB price of all iron ore mined, processed and sold from the Tenements; and

(ii) a royalty of 1.25% of the Net Smelter Return* from all other base and precious metals mined, processed and sold from the Tenements.

"Net Smelter Return" means the gross sales revenue received by the Group from the sale of base and precious metals produced from the Tenements, subject to all usual discounts and less the costs, expenses and liabilities incurred in connection with the smelting, refining, transporting, handling and storing the base and precious metals.

On 6 December 2017, Messrs Parry, Hill and Asphar agreed to sell and assign the Royalties to Yalgoo Iron Ore Pty Ltd for a consideration sum of $50,000, thereby releasing and discharging the Company's 50% portion of Royalties (0.625%) payable.

No material losses are anticipated in respect of any of the above contingent liabilities.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 12 Subsequent events

On 22 January 2019, the Company completed the private placement of 3,333,332 fully paid ordinary shares to professional and sophisticated investors at an issue price of $0.15 per share, to raise approximately $500,000 before costs. Funds raised under the placement are to be used for exploration at the DeGrussa North Copper Project, Bell Chambers Gold Project and general working capital purposes

Other than the above, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affair of the Group, in the future financial years.

Note 13 Youanmi and St Clair Options

On 28 May 2018, the Company entered into 2 option agreements to enable to purchase the historical Youanmi Gold Mines and all associated infrastructure and mine village.

Oz Youanmi Gold Pty Ltd Option:

The Company paid $100,000 cash as option fee to purchase all the issued shares in Oz Youanmi Gold Pty Ltd which owns the mining leases for the gold mine on and before 30 June 2019. Upon exercising the option, the Company has the choice of paying $5M (less option fee paid and reimbursement of rent paid in relation to the tenements up to an aggregate of $100,000) in a combination of cash ($2m less option fee and rent paid) and shares ($3M in shares) or cash. It also has the right to assign the option. A Net Smelter Royalty of 0.5% is payable on the gold sold if the gold price is above US$900 per troy ounce.

St Clair Option:

The Youanmi Gold Mine tenements are subject to Forfeiture Applications brought in the Wardens Court by St Clair Resources Pty Ltd (St Clair). The Company paid $100,000 option fee to enable the Company the right to call upon St Claire to withdraw the forfeiture applications by making further payment of $650,000 and a royalty of 0.3% of the Net Smelter Return on the gold sold if the gold price is above US$900 per troy ounce.

This option may initially be exercised at any time up to 31 December 2018 and the Company has extended the exercise period up until 30 June 2019 by making additional fee of $50,000 to St Clair in December 2018.

As at the date of this report, the Company has not exercised both Options.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Venus Metals Corporation Limited (the "Company"):

(a) The condensed financial statements and notes are in accordance with the *Corporations Act 2001*, including:

   (i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance, for the financial year ended on that date, and

   (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) 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

2. The directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Managing Director for the half year ended 31 December 2018.

Signed in accordance with a resolution of the Directors.

Matthew Vernon Hogan
Managing Director

Perth, Western Australia
12 March 2019

Stantons International Audit and Consulting Pty Ltd
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12 March 2019

Board of Directors
Venus Metals Corporation Limited
Mezzanine Level, BCG Centre,
28 The Esplanade,
PERTH WA 6000

Dear Sirs

RE: VENUS METALS CORPORATION 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 Venus Metals Corporation Limited.

As Review Director for the review of the financial statements of Venus Metals Corporation Limited for the half year ended 31 December 2018, 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 faithfully
STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)

Samir R Tirodkar
Director

Stantons International Audit and Consulting Pty Ltd
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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
VENUS METALS CORPORATION LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Venus Metals Corporation Limited, which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Venus Metals Corporation Limited (the consolidated entity). The consolidated entity comprises both Venus Metals Corporation Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Venus Metals Corporation Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) 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 2018 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 Venus Metals Corporation 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.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

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*, has been provided to the directors of Venus Metals Corporation Limited on 12 March 2019.

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 Venus Metals Corporation 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 2018 and of its performance for the half-year ended on that date; and

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

Emphasis of Matter Regarding Going Concern

We draw attention to Note 2(b) of the financial report, which describes the matters of going concern.

As referred to in Note 2(b) to the financial statements, the financial statements have been prepared on a going concern basis. At 31 December 2018, the entity had working capital deficit of $390,003, cash and cash equivalents of $341,953 and had incurred a loss for the half year amounting to $1,160,044.

The ability of the consolidated entity to continue as a going concern is subject to successful recapitalisation of the consolidated entity. In the event that the Board is not successful in recapitalising the consolidated entity and in raising further funds, the consolidated entity may not be able to meet its liabilities as they fall due and the realisable value of the entity's non–current assets may be significantly less than book values. Our conclusion is not modified in respect of this matter.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd

Sam Tirodkar
Director

West Perth, Western Australia
12 March 2019

VENUS METALS CORPORATION LIMITED | HALF-YEAR REPORT 2018