ANNUAL REPORT 2020

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CORPORATION LIMITED

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REVIEW OF OPERATIONS

SUMMARY

During 2019-2020, Venus Metals Corporation Ltd (VMC, Venus or the Company) carried out exploration activities on its diverse portfolio of projects *(Figure 1)* focusing mainly on gold and base metals. The highlights of these exploration activities are summarised below:

YOUANMI GOLD PROJECT

- **YOUANMI GOLD MINE - OYG JV** *(30% Venus and 70% Rox Resources Limited (Rox) - manager of the JV)*

Drilling at the Youanmi Gold Mine intersected new gold mineralisation at Grace Prospect, Youanmi South and Commonwealth Prospect. Deepest drilling completed at Grace Prospect has intersected impressive gold grades. Highlights include : **RXRC287: 25m @ 34.79g/t Au from 143m** including: **6m @ 140.7g/t Au** from 150m (Rox ASX release 16 Jun 2020); **RXRC239: 13m @ 60.49g/t Au** from 177m, including **4m @ 191.56g/t Au** from 181m; **RXRC310: 4m @ 18.53g/t Au** from 88m**; RXRC308: 3m @ 22.67g/t Au** from 10m. Current drilling continues to build confidence in the scale and continuity of this recently discovered high-grade structural corridor (Rox ASX release 1 September 2020)**.**

- **SOVEREIGN GOLD PROSPECT - VMC JV** *(50% Venus and 50% Rox - gold rights only)*

Sovereign Gold Prospect is a recent discovery by the Venus team that is located along the Penny West-Youanmi Shear Zone, approximately 5km north of the Penny West Gold mine, and approximately 1.3km east of the Currans Find gold prospects. **Gold grades at Sovereign are increasing with depth and are hosted in multiple lodes** (ASX release 18 September 2020). Best results to date are from **YSRC014** with **8m @ 5.03 g/t Au** from 160m including **2m @ 15.83 g/t Au** from 160m. A recently completed ground-magnetic survey has outlined several high-priority targets, one of which is very close to Sovereign Prospect. Further RC drilling is planned.

- **CURRANS GOLD PROSPECTS - CURRANS-PINCHER JV** *(45% Venus and 45% Rox)*

The Currans Find Mining Lease is a historical high-grade gold producer. Gold mineralization at Currans Find is hosted in multiple ENE-trending quartz veins within mafic, intermediate and ultramafic rocks. These rock types are also host to the Penny West and Columbia – Magenta deposits south of Currans Find.

Recent RC drilling discovered high-grade, near-surface gold mineralization at the Taylor's Reef prospect with best results of **3m @ 19.58g/t Au** from 21m including **1m @ 55.81g/t Au** from 23m, and **3m @ 14.30g/t Au** from 73m including **1m @ 19.86g/t Au** from 74m (11 September 2020). The reef is open at depth and along strike, and further drilling is planned.

BELLCHAMBERS GOLD PROJECT *(90% Venus)*

A recent Heli-borne EM survey (218 line km along 12km strike length) has **defined 25 anomalies of which 10 are high-priority targets.** These high-priority targets are primarily located along the interpreted mineralised Western Ridge - Mickey Well trend (ASX release 31 March 2020). Recently RC drilling (9 holes for 1176m) tested the mineralization below the current Bell Chamber Gold deposit resource model (refer ASX release 20 March 2015) and the possible continuation of the Southern Zone towards the NE. Three RC drillholes (150m) in other target area have also been completed; interpretation of assays is in progress.

NARDOO HILL REE-TA-NB PROJECT *(100% Venus)*

A new exploration licence, E09/2362, has been granted near Nardoo Hill in the Gascoyne Province of Western Australia. The area is highly prospective for rare earth element (REE) and tantalum-niobium (Ta-Nb) mineralization, both associated with pegmatites (refer ASX release 14 July 2020).

HENDERSON GOLD-NICKEL PROJECT (NORTH COOLGARDIE DISTRICT)

Venus has four exploration licence applications pending at the Henderson Au-Ni Project: E30/519, E30/521 and E29/1096 (100% Venus), and E30/520 (90% Venus). The project area is situated in the southern section of the Ularring Greenstone Belt and straddles the boundary between the Youanmi and Kalgoorlie Terranes in the central section of the Yilgarn Craton. Two regionally significant fault zones, the Ida Fault and the Ballard Fault intersect the project area and are considered to have played important roles in the formation of structurally controlled gold deposits. Target areas have been identified based on the review of historical exploration data and geological and geophysical interpretations of the area (ASX Release: 8 May 2020).

Figure 1. Location of Venus Metals Projects in Western Australia

1. YOUANMI GOLD PROJECT

Following the settlement of the acquisition of the Youanmi Gold Mine, four separate joint ventures were formed between Venus Metals and Rox Resources Ltd (Rox). These are OYG JV (Venus 30%; Rox 70%), VMC JV, Youanmi JV (Venus 50%; Rox 50%) and Currans Find JV (Venus 45%; Rox 45%) (ASX releases 21 June 2019 and 15 April 2019). The Youanmi Gold Project JV ownership structure is presented in *Figure 2*. Importantly, the joint venture agreements only apply to the gold rights; all other commodities remain with Venus.

Youanmi Gold Mine (OYG JV) (30% Venus and 70% Rox - Manager)

The total JORC 2012 compliant resource estimate for the Youanmi Gold Mine stands at 1,190,600 ounces of gold (refer ASX release 29 June 2018). In addition to the above resources, considerable potential remains within the Youanmi Project to define additional gold resources, both near surface and underground.

Widenbar and Associates estimate a near-surface exploration target* of 2.0 to 2.6 million tonnes at 1.05 to 1.30 g/t Au and a Deeps exploration target* of 135,000 to 200,000 tonnes at 10 to 15 g/t Au. Importantly, these targets are in addition to the JORC 2012 Resource Estimates already provided (ASX release 29 June 2018).

* An estimate of the exploration target potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade, relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource.

The RC drilling program completed by Rox as part of the OYG JV totals 317 RC holes for 32,984m in the Youanmi Gold Mine leases. The current RC drill program, which is focusing on the Grace Prospect, commenced in late May 2020 comprising 126 holes for 16,000m of drilling. Exploration is also focused along the mineralised corridor within the Youanmi granite which extends for circa 1.5km to the north of historical mine infrastructure and totals around 2.5km strike length (Figure 3). Ongoing drilling continues to build confidence in the scale and continuity of this recently discovered high-grade structural corridor (Rox ASX release 1 September 2020)

Exciting new discoveries at the Youanmi Gold Mine have been made at the **Grace prospect** in footwall granites where very high grades of free milling gold have been intersected, including **25m @34.7g/t Au from 143m (RXRC 287) and 13m @ 60.49g/t Au from 177m, including 4m @ 191.56g/t Au from 181m (RXRC 239)** *(Figure 4)* (refer Rox ASX releases 16 June 2020, 1 September 2020).

Rox has exercised its option to acquire a further 20 percent interest in the OYG Joint Venture *(Figure 2)* and Venus has received $2m cash and $1m as Rox shares at 2.4 cents each. The funding of Venus's exploration contribution in the OYG Joint Venture up until a decision to mine is by way of a limited-recourse, interest free loan provided by Rox for Venus's share of the ongoing costs (ASX release 16 June 2020). In addition to its 30% interest in the mine, Venus also holds a 0.7% NSR royalty over future gold production from the Youanmi Gold Mine.

Venus has exciting exploration upside from its extensive tenement holdings surrounding both the main Youanmi Gold Mine and the Penny West Gold Mine, 26km south of Youanmi (currently under development by Ramelius Resources Limited). Promising gold discoveries have already been made at the Sovereign and Currans Find prospects.

Venus retains 100% ownership of all non-gold resources at Youanmi which includes a large Measured, Indicated and Inferred Vanadium-Titanium-Iron resource adjacent to the Youanmi gold mine. The Youanmi area is also highly prospective for nickel, copper, cobalt and zinc, with several advanced prospects.

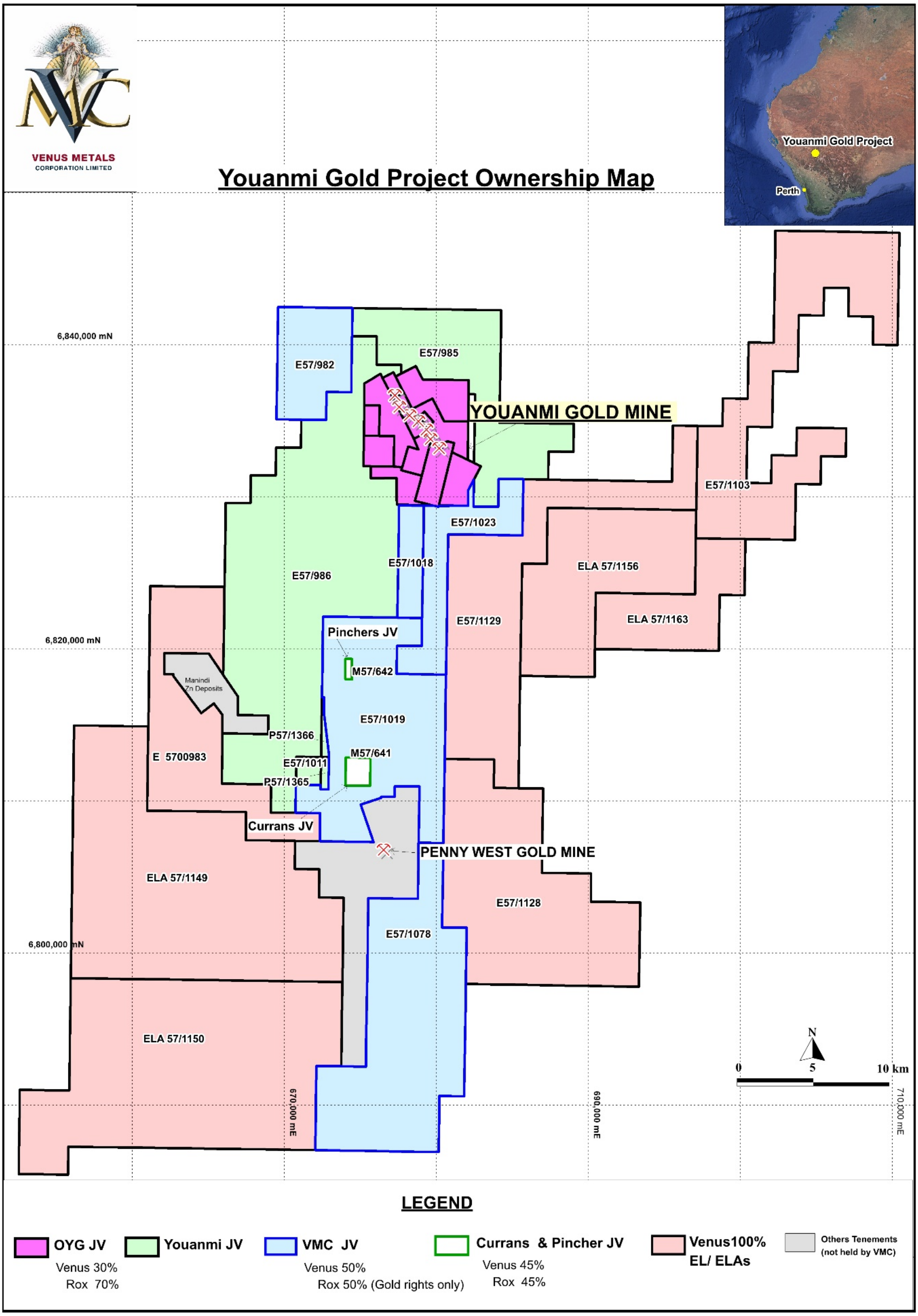


Figure 2. Youanmi Gold Ownership Map

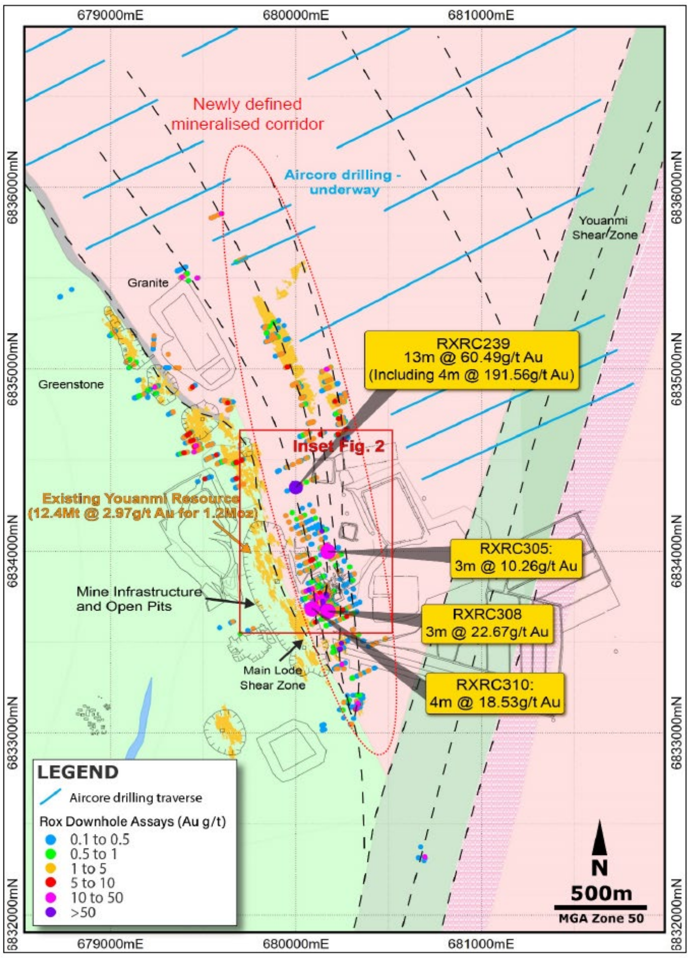


Figure 3. Grace mineralised corridor in N-S structures in Granite

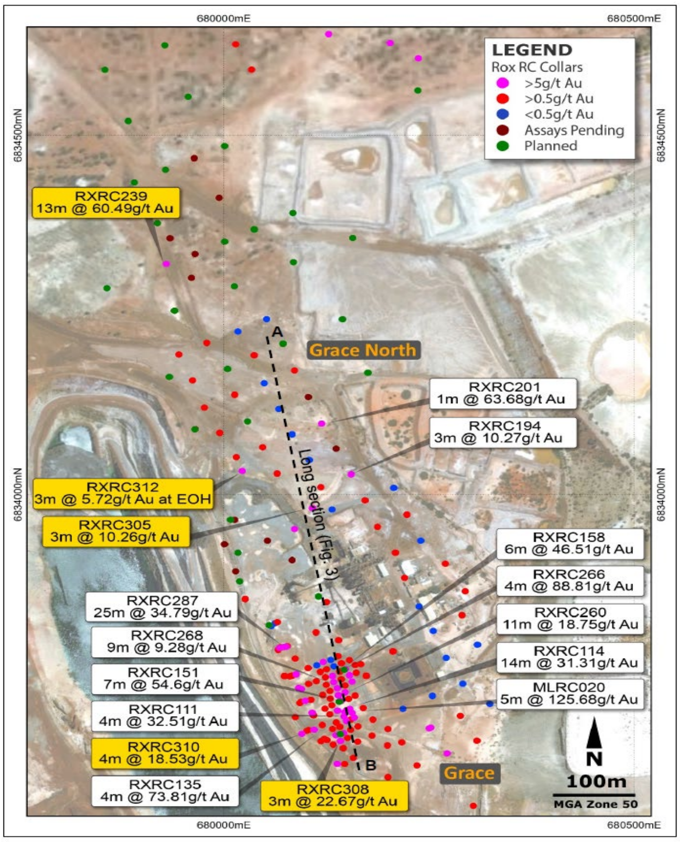


Figure 4. Drill hole collars and intercepts over Aerial Photo
(Source: Rox ASX release 1 September 2020)

CURRANS FIND JV

Project background:

Venus and Rox, in 2019, jointly acquired a combined 90% interest in ML 57/641 “Currans Find” of 300ha and a combined 90% interest in ML 57/642 of 59ha “Pinchers” *(Figure 2)*. The 90% interest is shared equally between Venus and Rox, with the remaining 10% held by Mr Taylor. Venus is the manager of the joint ventures (ASX release 15 April 2019).

The Currans Find Mining Lease is a historical high-grade gold producer. Cancelled GML records show that 6,874 tons were treated at the Red White and Blue battery on site for a recovered average grade of 13 g/t Au.

Gold mineralization at Currans Find is hosted in multiple ENE-trending quartz veins within mafic, intermediate and ultramafic rocks. These rock types are also host to the Penny West and Columbia –Magenta deposits south of Currans Find. It is a feature of the deposits hosted in the ultramafic rocks that they show significant high grades.

The initial RC drilling programs targeted shallow high-grade gold mineralization beneath historical workings at the two main gold prospects ‘Currans Find North’ and ‘Red White and Blue Workings’, and their interpreted down-dip and down-plunge extensions. The drilling intersected multiple high-grade gold intercepts associated with stacked quartz lodes (ASX releases 13 June 2019, 24 June 2019, 5 August 2019, 27 August 2019, 5 September 2019 and 31 Jan 2020) *(Figure 5)*.

Best results (>5g/t Au) from previous drilling by the Venus/Rox JV include:

CFRC14	**2m @ 13.34 g/t Au** from 61m including **1m @ 25.38 g/t Au** from 61m
CFRC16	**3m @ 27.5 g/t Au** from 39m including **1m @ 72.67 g/t Au** from 39m
CFRC26	**3m @ 32.58 g/t Au** from 115m including **1m @ 76.03 g/t Au** from 115m
	(previously reported **8m @ 7.81g/t Au** from 112m **(**refer ASX release 5 August 2019)
CFRC31	**3m @ 25.00 g/t Au** from 109m including **1m @ 57.15 g/t Au** from 110m
CFRC32	**1m @ 39.61 g/t Au** from 94m
CFRC42	**4m @ 9.25 g/t Au** from 46m including **2m @ 16.05 g/t Au** from 48m
CFRC46	**1m @ 13.32 g/t Au** from 110m and **2m @ 3.84 g/t Au** from 128m
CFRC47	**4m @ 5.28 g/t Au** from 90m including **1m @15.30 g/t Au** from 92m
	and **2m @ 5.05 g/t Au** from 111m
CFRC071	**2m @ 5.60 g/t Au** from 163m
CFRC074	**1m @ 5.40 g/t Au** from 87m

An aircore drilling program comprising 10 holes for 569 meters was completed at Taylor’s Reef to explore the strike extension of this reef to the southwest and northeast. Best results include (refer ASX release 11 September 2020):

CFAC047	**2m @ 6.67 g/t Au** from 57m
	Incl. **1m @ 12.27g/t Au** from 58m, and
	1m @ 1.09 g/t Au from 28m
CFAC045	2m @ 2.83 g/t Au from 34m
CFAC046	2m @ 2.57 g/t Au from 23m

A follow-up RC hole, CFRC084, was drilled to test the bedrock beneath AC hole CFAC047. The RC hole confirmed the mineralization previously intersected in AC hole CFA047 and intersected two significant gold intervals (refer ASX release 11 September 2020):

3m @ 19.58g/t Au from 21m

Incl. **1m @ 55.81g/t Au** from 23m, and

3m @ 14.30g/t Au from 73m

Incl. **1m @ 19.86g/t Au** from 74m

The RC hole discovered a third, very high-grade, lode at shallow depth that is open at depth and along strike (*Figure 6)*.

Previous AC drilling of a laterite gold anomaly southwest of Taylor's Reef (refer ASX release 28 April 2020) intersected several intervals with anomalous gold in the top five metres with a maximum of 3.94 g/t Au from 3-4m in hole CFAC13.

The high-grade gold discovery at Taylor's Reef Prospect is interpreted as a continuation of high-grade gold lodes at Currans North Prospect, offset by a north-northeast trending fault. With widespread gold anomalies in laterite to the southwest of Taylor's Reef, it forms an approximately 900m long northeast-trending target zone *(Figure 7)* for further drilling and evaluation.

Further RC drilling is planned to target the area along strike of Taylor's Reef Prospect and the potential depth extension of the gold-bearing quartz lodes.

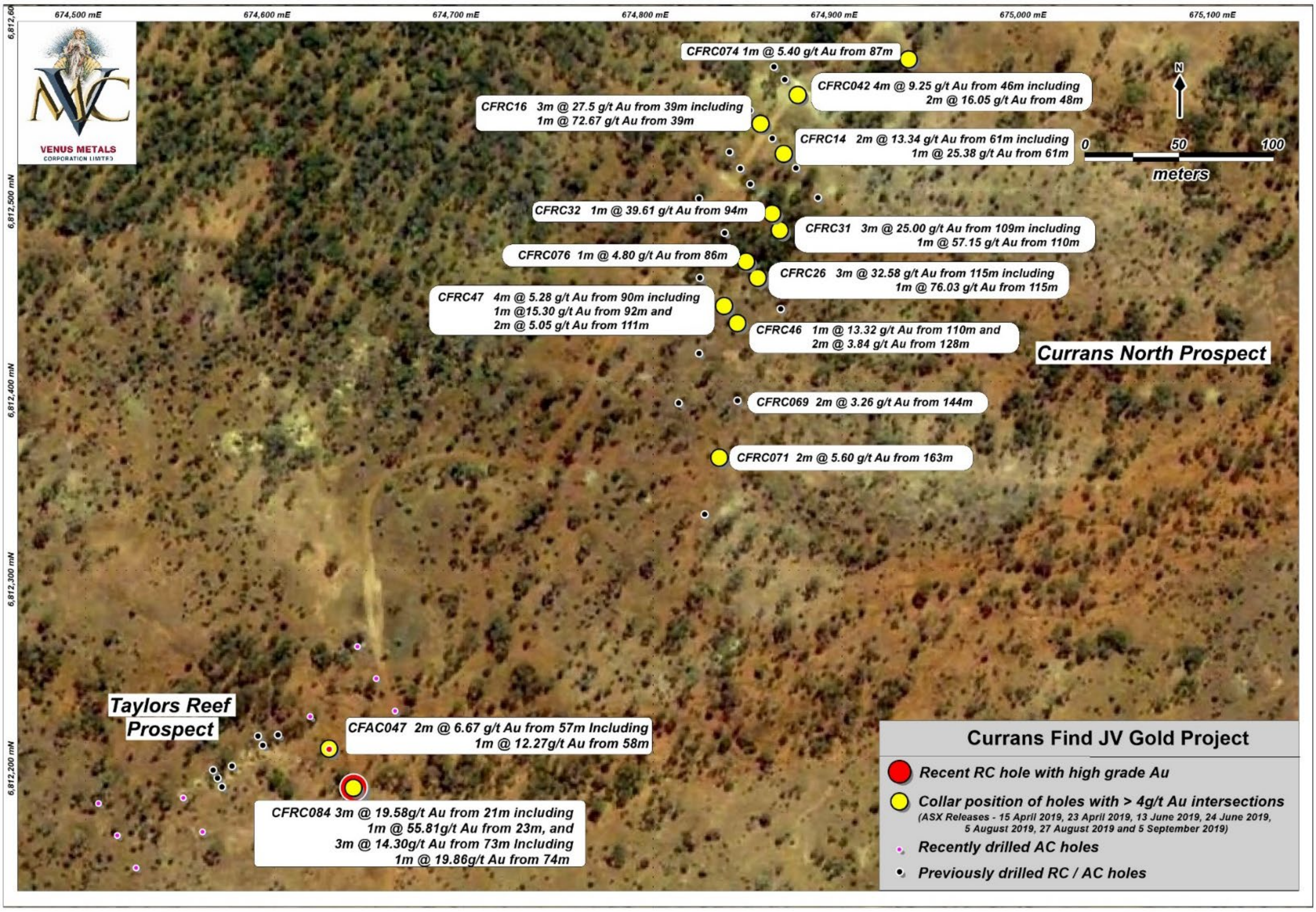


Figure 5. Location of drillholes with high-grade gold intersections at Taylor's Reef and Currans North Prospects

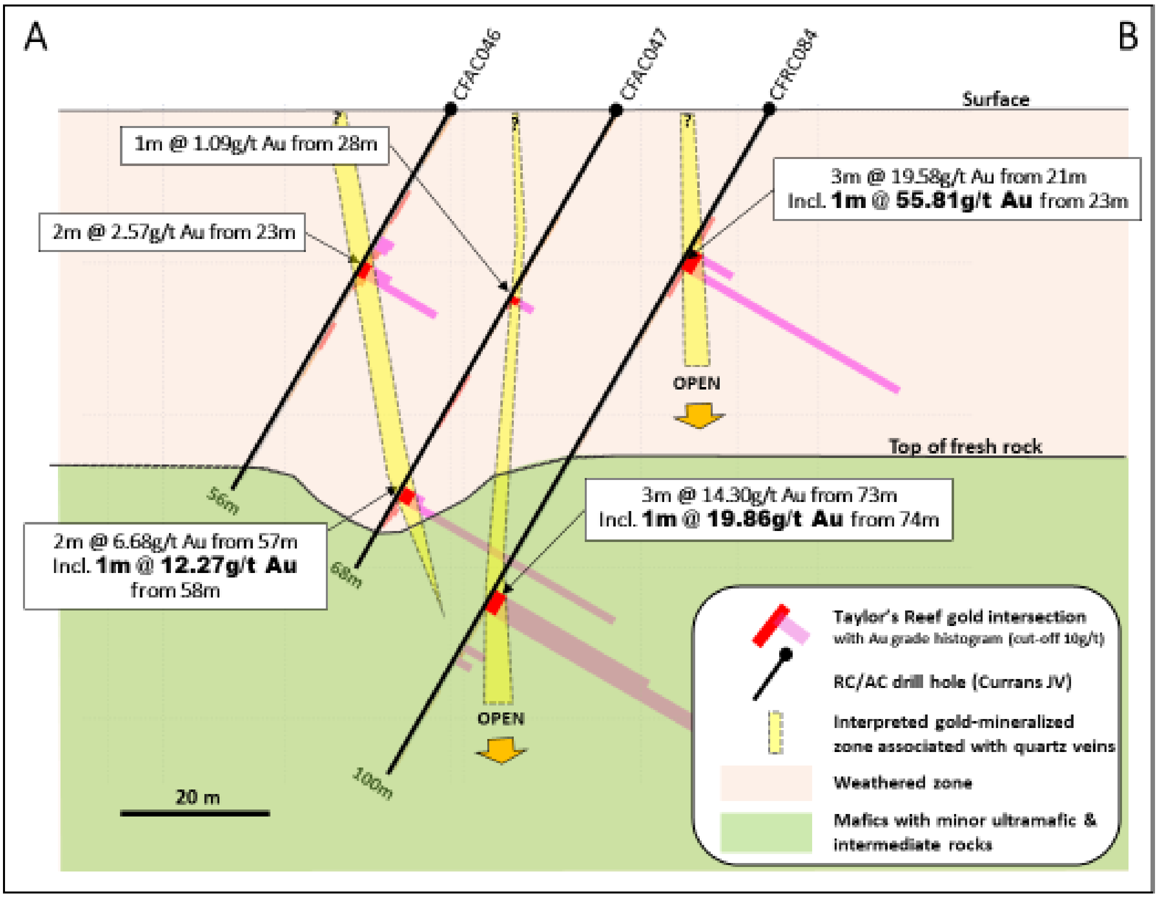


Figure 6. Schematic Cross Section at Taylor's Reef Prospect showing AC and RC drill holes along traverse A-B with significant gold intercepts

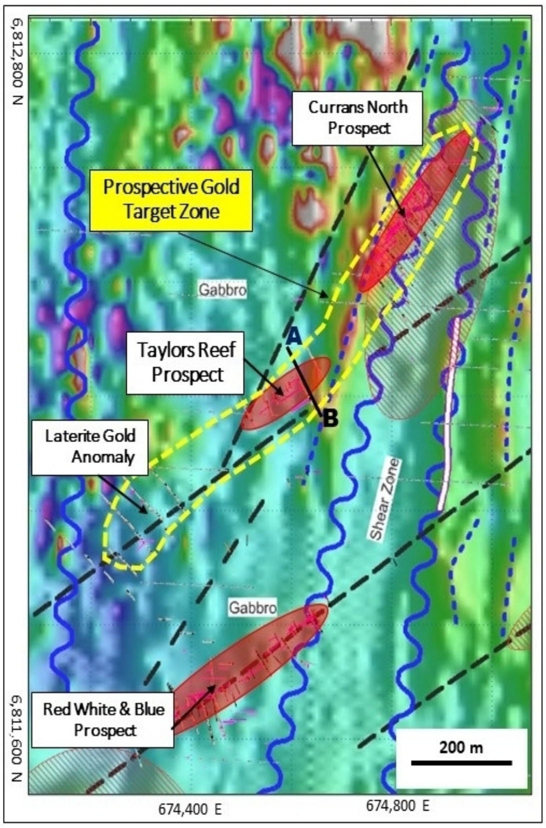


Figure 7. Prospective Gold Target Zone shown on interpreted ground magnetic image

In addition to the drilling at Taylor's Reef, 12 AC holes for 389m were drilled at an intrusion target area in the southwest of the mining lease (ASX releases 19 June 2020, 11 September 2020). Results show strongly anomalous Ni and Co in the weathered zone overlying ultramafic rocks immediately west of the intrusion. These recent intersections increase the interpreted strike length of previously reported supergene Co-Ni mineralization (refer ASX release 2 March 2018).

SOVEREIGN GOLD PROSPECT (VMC JV)

Project background:

Sovereign Gold Prospect was discovered by AC drilling along the Penny-Youanmi Shear Zone in 2019 (refer ASX release 15 October 2019). Subsequent AC drilling intersected gold mineralization in VRAC151; **4m @ 7.02 g/t Au** from 24m, and **5m @ 2.41 g/t Au** from 60m to EOH, and in VRAC161**: 4m @ 0.94 g/t Au** from 32m (refer ASX release 4 November 2019).

Follow-up RC drilling confirmed and extended the gold mineralization (refer ASX releases 28 November 2019 and 27 July 2020) in holes YSRC05: **3m @ 6.61 g/t Au** from 78m including **1m @ 11.61 g/t Au** from 79m, YSRC09: **4m @ 2.68 g/t Au** from 116m including **1m @ 5.43g/t Au** from 118m, YSRC10: **7m @ 3.97 g/t Au** from 59m including **1m @ 8.19g/t Au** from 64m, **10m @ 3.64 g/t Au** from 79m including **2m @ 10.64 g/t Au** from 82m, and YSRC11: **3m @ 1.24 g/t Au** from 56m.

Recent RC drilling followed up on these AC and RC results and extended the high-grade gold mineralization down dip. Best results were encountered in **YSRC014: 8m @ 5.03 g/t Au** from 160m including **2m @ 15.83 g/t Au** from 160m. **Gold grades at Sovereign are increasing with depth and are hosted in multiple lodes** *(Figure 8)* (ASX release 18 September 2020). An interpretation of ground-magnetic survey data shows prominent NE-NNE trending structures that align with the orientation of high-grade gold mineralization at the Taylor's Reef, Currans North and Red White and Blue prospects to the west. Six priority targets have been identified along NE trends in the eastern part of the survey area (Figure 9). RC drilling is planned west and southwest of the Sovereign discovery to test one of the priority targets, and beneath previous high-grade gold intersections in YSRC014 and YSRC010.

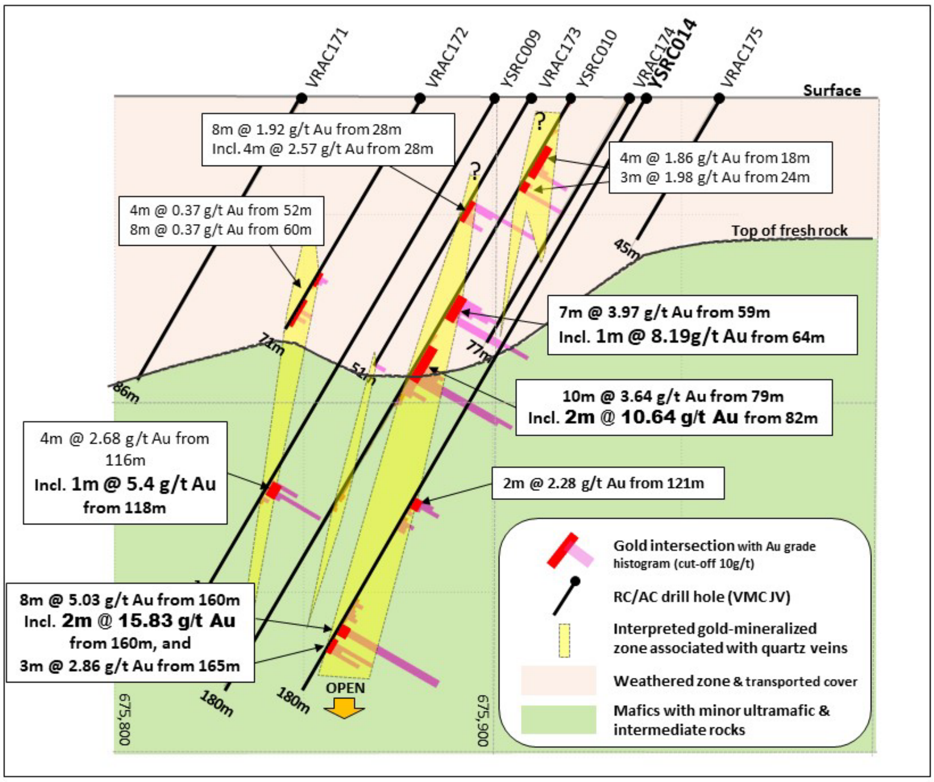


Figure 8. Schematic cross section with AC and RC drill holes along EW traverse showing significant gold intersections.

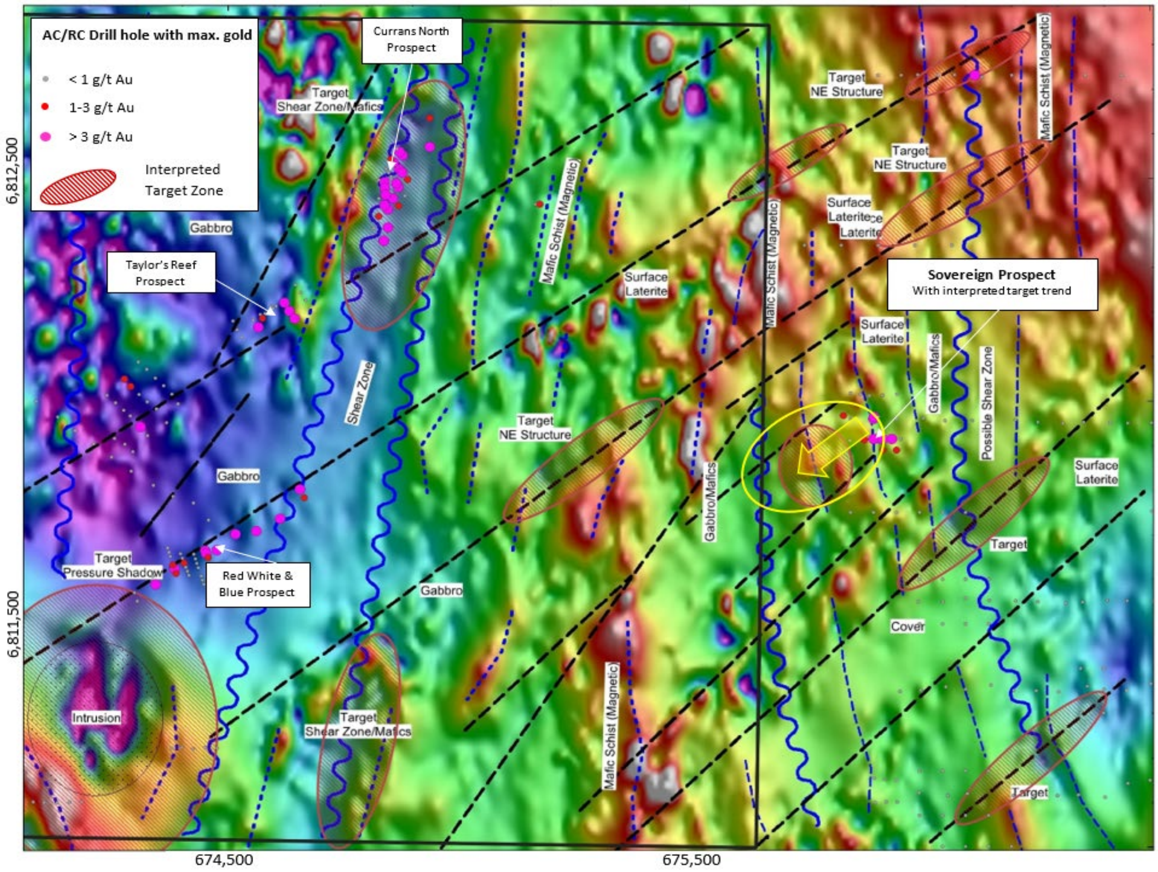


Figure 9. Ground magnetic image with gold prospects, interpreted targets and structures, and recent AC and RC drilling (collars color-coded).

2. BELL CHAMBERS GOLD PROJECT

Project background

The Bell Chambers Gold Project E57/984 is located approximately 23km southwest of Sandstone, adjacent to the Sandstone-Paynes Find main road *(Figure 10)*. Venus holds a 90% interest and a prospector holds a 10% interest in the tenement (refer ASX release 1 August 2014). Bell Chambers has a high-grade production history. The recorded production from 1907 to 1942 (Mines Department production list of cancelled gold mining leases) is 3,979 tons for 2,682 oz Au at a recovered grade of 20.96 g/t Au.

Widenbar and Associates prepared a JORC 2012 resource estimate for Venus Bell Chambers in March 2015, totaling 340,000 Tonnes @ 1.5 g/t Au for 17,000 Ounces (refer ASX release 20 March 2015).

A Xcite airborne electromagnetic survey (HEM) has successfully defined 25 anomalies of which 10 are high-priority targets that are considered to be associated with potential gold mineralisation at the Sandstone – Bell Chambers Gold Project (E57/984 and E57/981). These high-priority targets are primarily located along the interpreted mineralised Western Ridge - Mickey Well trend *(Figure 11)*. Priority targets BC20 and BC24 appear to correlate with historical geochemical gold anomalies defined by Aquila (WAMEX report 65051); more recent reconnaissance geochemical sampling by Venus returned up to 3.38 g/t Au at BC24 (refer ASX Release 31 March 2020).

A detailed geological field study underscored the importance of stratigraphic controls on gold mineralization along the Western Ridge – Mickey Well Gold Trend; Au mineralization generally occurs within sheared sediments along the contact with Banded Iron Formation (BIF) and mafic to ultramafic rocks.

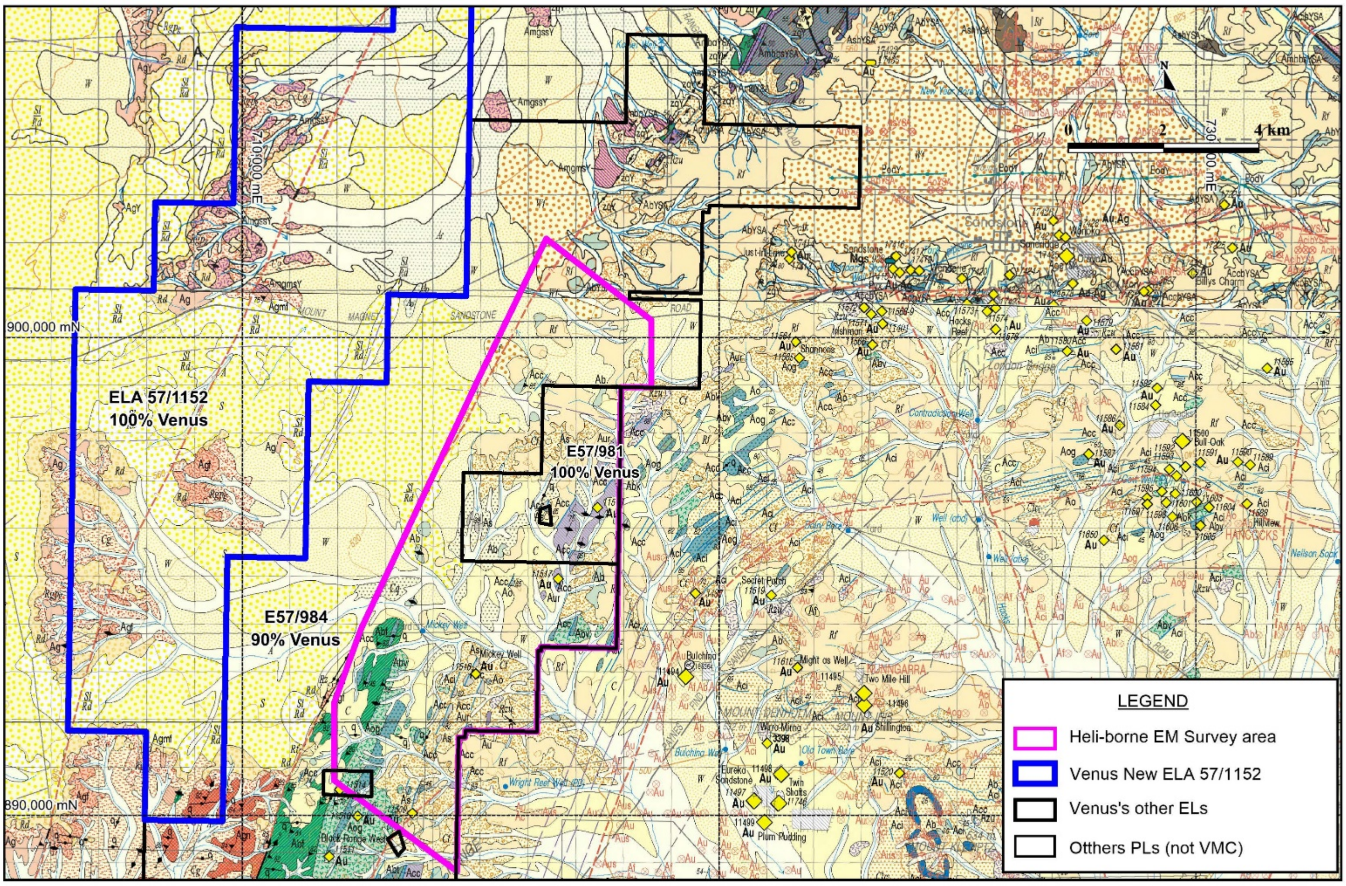


Figure 10. Venus's Bellchambers Gold Project ELs on GSWA 100k Geology Map.

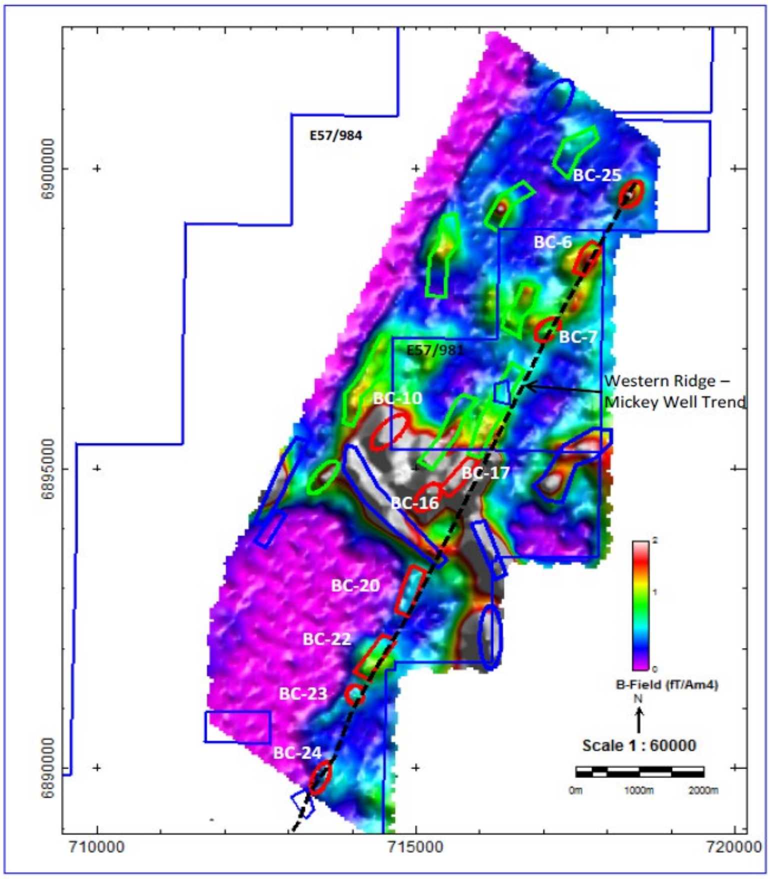


Figure 11. HEM B-field Z Channel 40 image showing anomaly locations, noting high priority targets labelled and outlined in red.

3. NARDOO HILL WEST REE- Ta- Nb PROJECT

Recently, a new exploration licence, E09/2362 was granted. The exploration licence is located near Nardoo Hill in the Gascoyne Province of Western Australia, an area highly prospective for rare earth elements (REE) and tantalum-niobium (Ta-Nb) mineralization associated with pegmatites.

Historical stream sediment sampling in the central part of E09/2362 shows several Cerium (Ce - REE) anomalies in stream sediments (WAMEX report A117396) that may indicate pegmatite dykes with REE. In the western part of E09/2362, historical stream sediment and soil results for heavy mineral concentrates (of the less than 177µm fraction) outline REE anomalies (*Figure 12)* with maxima of 14% total REE in stream sediments, and 3.8% in soil samples (WAMEX report A99061) (refer ASX Release 14 July 2020). The bedrock sources of these anomalies have not yet been identified and warrant further field studies and investigation.

Venus has also recently lodged an application, ELA09/2421 (c. 75 km2), to cover ground south of E09/2362 that hosts pegmatite dykes, potentially prospective for REE and Ta-Nb mineralization, according to historical exploration data. Regional rock chip and stream sediment sampling is planned across E09/2362 to verify and augment historical data sets, and to identify potential REE and Ta-Nb targets for further investigation and drilling.

4. HENDERSON GOLD-NICKEL PROJECT (NORTH COOLGARDIE DISTRICT)

The project area (E30/519, E30/521 and E29/1096 (100% Venus); E30/520 (90% Venus and 10% Prospector) is located c. 50km northwest of the town of Menzies in the North Coolgardie District of the Eastern Goldfields of Western Australia *(Figure 13)*.

The project falls within the Mt Ida Greenstone Belt with two major shear zones, the Ballard Fault in the east and the Ida Fault in the west. The faults intersect the project area and are considered to have played important roles in the formation of structurally controlled gold deposits.

The general area hosts several substantial historical gold mining centres including Riverina, First Hit, Mulline, Mt Morley, Emerald, Bottle Creek, Mt Ida, and Davyhurst where both lateritic, supergene-enriched and quartz vein bedrock ore was mined from open pit and underground deposits. A historical mine, Hilltop, is located within E30/520. Target areas have been identified based on the review of historical exploration data and geological and geophysical interpretations of the area.

<u>Gold Targets:</u> Snake Hill, Henderson Bore, Snake Hill East, Hill Top East, Emerald South 1 and Emerald South 2.
<u>Nickel Target:</u> Blue Well. This area covers a Proterozoic dyke that intrudes the greenstone sequence and adjacent granites.

Potential for Mt Alexander style or Jimberlana Dyke style nickel mineralization *(Figure 14*) exists.

A detailed exploration program is planned for the Henderson Au-Ni project following the grant of the tenement areas in the coming months.

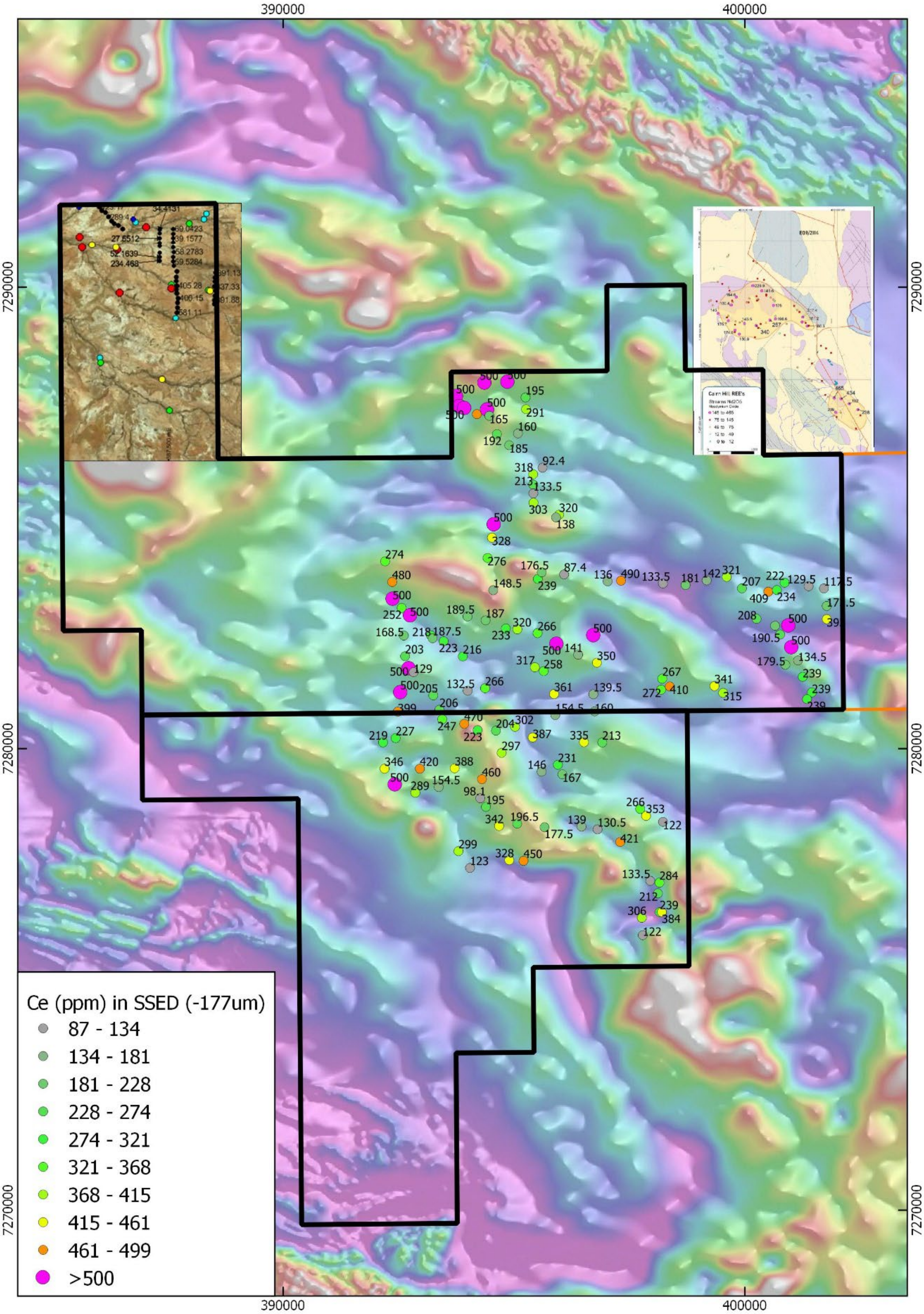


Figure 12. Location of Historical total REE in stream sediments (Independence Group), Nd anomalies in stream sediments (eMetals Ltd) and Ce results in stream sediments (Arrow Minerals Ltd) on regional aeromagnetic image.

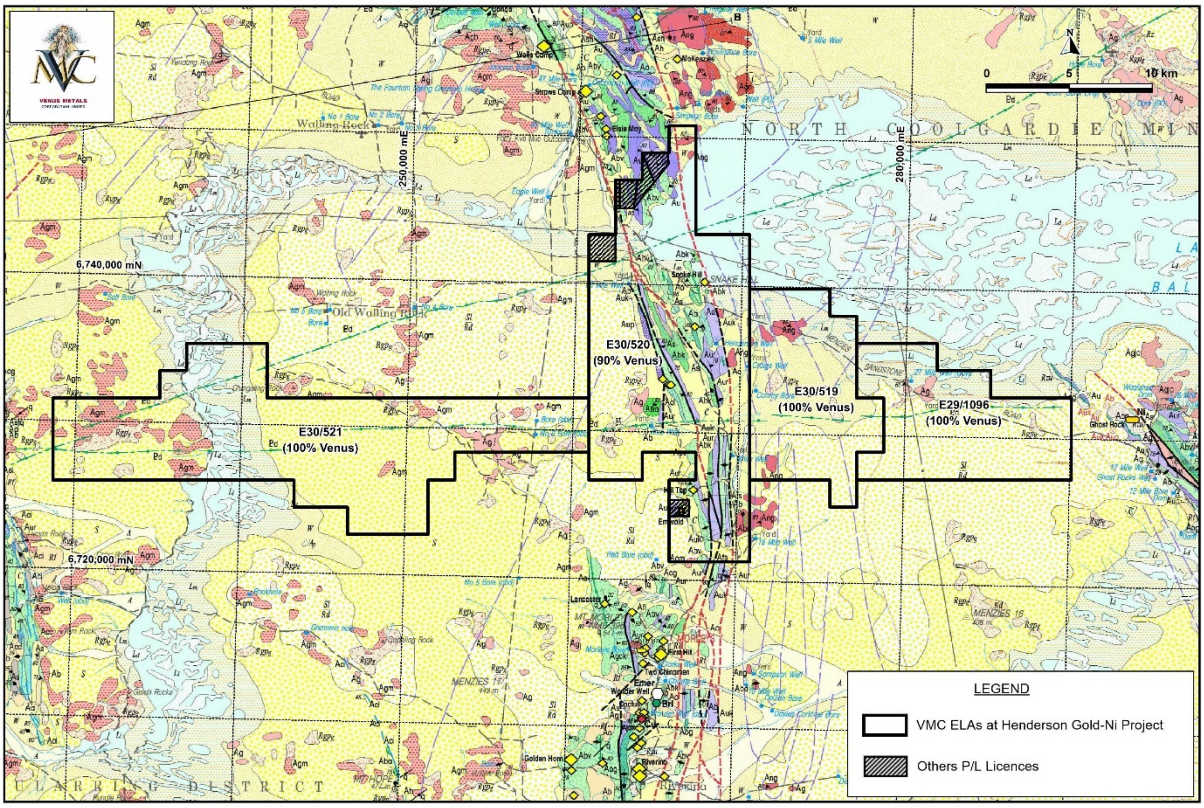
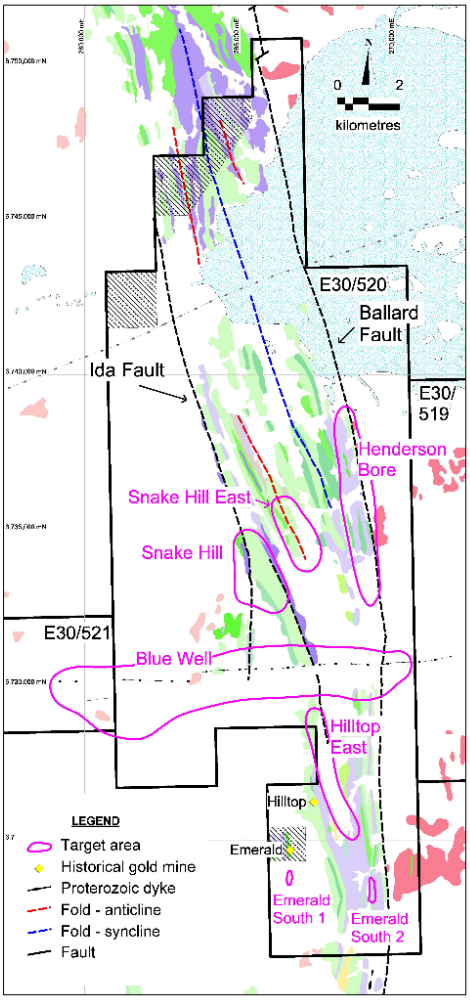


Figure 13. Location of VMC Henderson Project Tenements



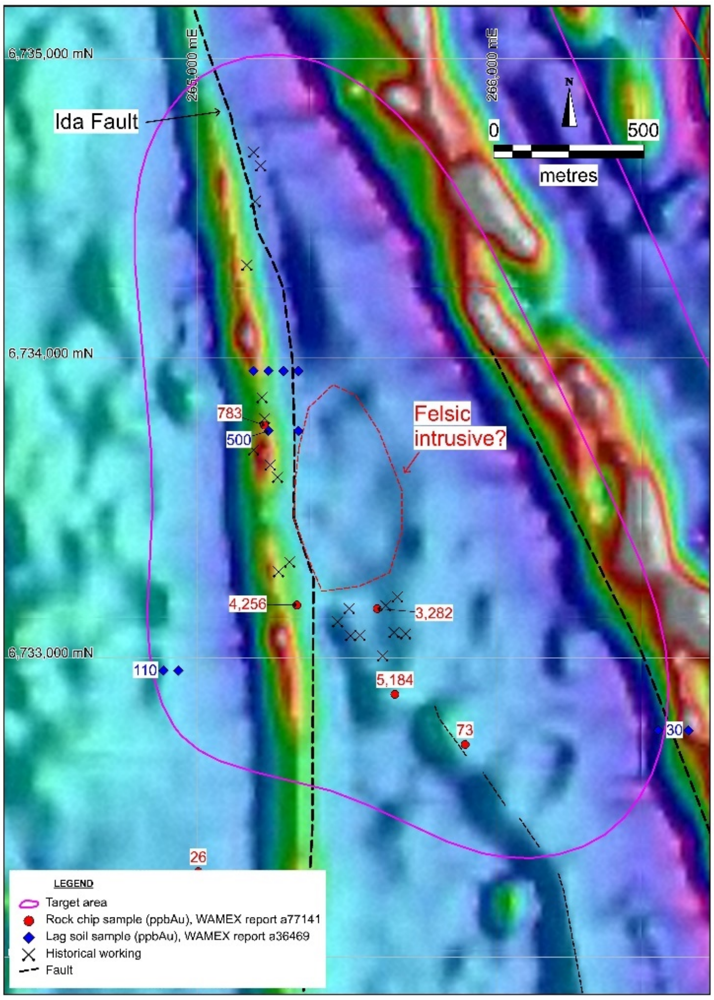


Figure 14. Au-Ni Target Areas in Henderson Project

5. YOUANMI VANADIUM OXIDE PROJECT

Venus' Youanmi Vanadium deposit is located on the exploration licence 57/986 (198.5 km^2), approximately 40km southeast of the very substantial vanadium deposit at Windimurra. The Youanmi Vanadium deposit has good access to major infrastructure such as gas pipeline and roads. Venus holds a 90% interest and the prospector holds a 10% interest in this tenement.

In March 2019, Venus announced a **JORC 2012 Measured, Indicated and Inferred Oxide Resource of 134 million tonnes grading 0.34% V_2O_5, 6.27% TiO_2 and 21.33% Fe** *(Table 1)* (refer ASX release 20 March 2019)

Table 1. JORC 2012 Youanmi Vanadium Oxide Mineral Resource Estimate - March 2019

Youanmi Vanadium Resource Model 15-03-2019 (Oxide Only)										
Cutoff	Resource	Volume	Tonnes	Density	V2O5	TiO2	Fe	SiO2	Al2O3	V2O5 Metal
V2O5%	Class	BCM Millions	Millions	t/m3	%	%	%	%	%	Tonnes
0.10	Measured	11,995,000	31,548,000	2.63	0.33	5.87	21.21	33.07	16.50	104,100
0.10	Indicated	20,671,000	54,365,000	2.63	0.33	6.28	21.30	32.82	17.33	181,400
0.10	**Meas+Ind**	**32,667,000**	**85,913,000**	**2.63**	**0.33**	**6.13**	**21.26**	**32.91**	**17.02**	**285,400**
0.10	Inferred	18,563,000	48,820,000	2.63	0.36	6.53	21.45	32.32	15.99	173,400
0.10	**Total**	**51,229,000**	**134,733,000**	**2.63**	**0.34**	**6.27**	**21.33**	**32.70**	**16.65**	**458,900**

Venus has entered into a metallurgical research contract with Associate Professor Aleks Nikoloski and his team at Murdoch University, Perth, to advance the Youanmi Vanadium Oxide project (refer ASX release 17 June 2019). A Commonwealth co-funded investigation conducted during 2019-20 has shown that an integrated process which involves beneficiation followed by pyrometallurgical treatment can offer an effective way to produce iron and vanadium from the Youanmi ore.

The process combines three key unit operations

(i) beneficiation by gravity separation to reject 90% of the aluminium and silicon to tailings and increases the grade from 0.38% V_2O_5, 31.4% Fe_2O_3, and 6.5% TiO_2 in the ore to **0.58% V_2O_5, 47.6% Fe_2O_3, and 11.1% TiO_2** in the concentrate,

(ii) roasting under reducing conditions followed by magnetic separation to recover an iron rich product and

(iii) oxidative salt-roast of the non-magnetic material followed by leaching to recover a vanadium product from the liquor and titanium enriched residue as a potential by-product.

This testwork data generated in the development of the integrated process flowsheet will be used to develop a process model and preliminary estimation of the capital and operating costs for a full-scale plant. A next phase work is currently being scoped to look at optimisation of each unit operation. This is expected to further increase the recoveries in each product stream and reduce the overall costs.

In addition to this work, a separate investigation has been commissioned with support from AusIndustry to investigate the potential benefits of adopting a **hydrometallurgical approach** for the treatment of the Youanmi feed. This parallel hydrometallurgical options project is ready to commence at Murdoch from October 2020.

Competent Person's Statement

The information in this release that relates to the Youanmi Near Surface and Youanmi Deep Deposits Mineral Resources and exploration targets and Youanmi Vanadium Oxide Mineral Resources are based on information compiled by Mr Lynn Widenbar, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Widenbar is a full time employee of Widenbar and Associates Pty Ltd. Mr Widenbar has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves'. Mr Widenbar consents to the inclusion in the release of the matters based on his information in the form and context that the information appears.

The information in this report that relates to Exploration Results is based on information compiled by Dr M. Cornelius, geological consultant and part-time employee of Venus Metals Corporation Ltd, who is a member of The Australian Institute of Geoscientists (AIG). Dr Cornelius has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Cornelius consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to HEM Survey Results is based on information compiled by Mr Mathew Cooper who is a member of The Australian Institute of Geoscientists. Mr Cooper is Principal Geophysicist of Core Geophysics Pty Ltd who are consultants to Venus Metals Corporation Limited. Mr Cooper has sufficient experience which is relevant to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Cooper consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Bell Chambers Gold Project Exploration Results, Mineral Resources or Ore Resources is based on information compiled by Dr F Vanderhor, Geological Consultant who is a member of The Australian Institute of Geoscientists (AIG). Dr Vanderhor has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Vanderhor consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report has also been prepared by Mr Kumar Arunachalam, who is a Member of The Australasian Institute of Mining and Metallurgy and a full-time employee of the Company. Mr Arunachalam has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Arunachalam consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Venus Metals Corporation Limited planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should," and similar expressions are forward-looking statements. Although Venus Metals Corporation Ltd believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2020.

DIRECTOR

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

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

Peter Charles Hawkins (Appointed 31 July 2019)
Matthew Vernon Hogan
Barry Fehlberg
Selvakumar Arunachalam
Alan Gordon Birchmore (Resigned 31 July 2019)

COMPANY SECRETARY

Patrick Tan

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 profit of the Group amounted to $465,769 (2019: loss of $2,196,481).

DIVIDENDS PAID OR RECOMMENDED

On 30 July 2019, the Company distributed an unfranked dividend by way of an in-specie distribution of all the issued capital of its wholly owned subsidiary of unlisted public company, Yalgoo Iron Ore Limited to the Company's shareholders.

Other than the above, no dividend has been declared or paid by the Company and the Directors do not, at present, recommend a dividend.

REVIEW OF OPERATIONS

For details on the Review of Operations refer to pages 2 to 17.

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

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.

LIKELY DEVELOPMENTS

Other than likely developments contained in the "Review of Operations", further information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL REGULATION

There were no known significant breaches of the Group's licence conditions or any environmental regulations to which it is subject to.

DIRECTORS' MEETINGS

Director	Number eligible to attend	Number attended
Peter Hawkins	8	8
Matthew Hogan	8	8
Barry Fehlberg	8	8
Selvakumar Arunachalam	8	8
Alan Birchmore	-	-

INFORMATION ON DIRECTORS AND COMPANY SECREATRY

Peter Charles Hawkins (Appointed on 31 July 2019)
Non - Executive Director/Chairman

Qualifications
B Comm

Experience
Peter Hawkins was appointed to the Board in 31 July 2019 and has over 50 years diverse corporate experience. He has held numerous Managing Director or Partner level position in several stockbroking firms and has been part of the successful establishment and growth of a number of public and private companies. He has served as the Chairman of the Stock Exchange Perth Limited as a member of the ASX national committee and has also served as Deputy Chairman of the West Australian TAB.

He was Chairman of the Diggers and Dealers conference and has also held Non-Executive Director positions of several publicly listed companies over the past decade.

Directorships Held in Other Listed Entities
In the past three years Mr Hawkins has not held directorships in any ASX listed companies.

Relevant Interest in Shares, Options and Performance Rights as at the date of this report
750,000 unlisted options ex-price 30c expiring 30/11/2022.
500,000 performance rights expiring 20/12/2024.

DIRECTORS' REPORT

Matthew Vernon Hogan
Managing Director

Qualifications
MAICD

Experience
Mr Matthew Hogan until February 2010 was the Chief Executive Officer of United Minerals Corporation NL (UMC), which successfully discovered the Railway direct shipping iron ore deposit in the Central Pilbara. In February 2010 UMC was acquired by BHP Billiton for $204m through a scheme of arrangement.

Mr Hogan has over 25 years' experience in the stockbroking industry and was closely involved in bringing a number of company listings to the ASX, the underwriting of shareholder entitlement issues and corporate placements.

Mr Hogan has previously worked in the business services division of international accounting firm Ernst & Young.

Relevant Interest in Shares, Options and Performance Rights as at the date of this report
1,320,056 ordinary shares.
750,000 unlisted options ex-price 25c expiring 30/11/2021.
2,500,000 unlisted options ex-price 30c expiring 30/11/2022.
3,500,000 performance rights expiring 20/12/2024.

Directorships Held in Other Listed Entities
In the past three years Mr Hogan has not held directorships in any ASX listed companies.

Barry Fehlberg
Non- Executive Director

Qualifications
BSc (Hons), MAusIMM

Experience
Mr Fehlberg has 50 years of successful experience in exploration for gold, base metals, diamonds and iron ore.

Mr Fehlberg has been director of exploration for various ASX listed Companies since 1978, and during his career he has made numerous discoveries in all these commodities.

In 1980 he led the drilling team for Spargos Exploration N.L. that discovered the depth extensions of the Bellevue Gold mine which was successfully brought into production.

In more recent times, Mr Fehlberg led the exploration team as Technical Director that discovered the Railway Iron Ore deposit for United Minerals Corporation NL. This Company was taken over by BHP Billiton in 2010 in a $204 million transaction.

Mr Barry Fehlberg is an Honours Geology graduate of the University of Adelaide (1968).

Relevant Interest in Shares, Options and Performance Rights as at the date of this report
4,585,000 ordinary shares.
750,000 unlisted options ex-price 25c expiring 30/11/2021.
750,000 unlisted options ex-price 30c expiring 30/11/2022.
2,000,000 performance rights expiring 20/12/2024.

Directorships Held in Other Listed Entities
In the past three years Mr Fehlberg has not held directorships in any ASX listed companies

Selvakumar Arunachalam
Executive Director/General Manager

Qualifications
MAusIMM M.Sc (Geology), M.Tech (Hydrogeology), PG Dip in Geothermal Tech (NZ), Dip in Science (GIS) (NZ)

Experience
Mr Selvakumar Arunachalam has over 30 years' experience in geology in India, New Zealand and Australia.

Mr Arunachalam until February 2010 was also an employee of United Minerals Corporation NL.

Directorships Held in Other Listed Entities
In the past three years Mr Arunachalam has not held directorships in any ASX listed companies.

Relevant Interest in Shares, Options and Performance Rights as at the date of this report
175,000 ordinary shares.
500,000 unlisted options ex-price 25c expiring 30/11/2021.
1,000,000 unlisted options ex-price 30c expiring 30/11/2022.
1,500,000 performance rights expiring 20/12/2024.

Alan Gordon Birchmore AO (Resigned on 31 July 2019)
Non - Executive Director/Chairman

Qualifications
AAII, FAICD

Experience
Alan Birchmore has had extensive management experience in Australia, the UK, Europe, South America and the United States. His activities have included gold, diamonds, iron and supply base/marine support to the offshore oil and gas industry.

As CEO of NYSE listed Bond International Gold Inc, he was responsible for a worldwide workforce of 3,300 employees, including the initial construction and start-up of the Super Pit at Kalgoorlie. Once commissioned, he negotiated the joint venturing of that operation with America's Homestake Gold. Through Northern Mining, he was a founding member through to development of what is now Argyle Diamonds.

Mr Birchmore was founding Chairman of St Barbara Mines (Gold) at its ASX listing and also led the listing of Mermaid Marine Australia Ltd as its Chairman. More recently he chaired United Minerals Corporation NL (UMC) culminating in a scheme of arrangement with BHP Billiton to merge UMC's proposed iron ore mine, with the adjoining BHP Billiton Area C iron ore production hub.

DIRECTORS' REPORT

Directorships Held in Other Listed Entities
In the past three years Mr Birchmore has not held directorships in any ASX listed companies.

Relevant Interest in Shares and Options as at the date of his resignation (31 July 2019)
1,604,771 ordinary shares.
541,667 listed options ex-price 20c expiring 30/11/2019.
500,000 unlisted options ex-price 25c expiring 30/11/2021

Patrick Tan
Company Secretary

Qualifications
B.Acc, FCPA, CA

Experience

Patrick Tan has over 30 years of experience in accounting, taxation and company secretarial.

REMUNERATION REPORT (Audited)

This report details the nature and amount of remuneration for each Director of the Group and for the Executives receiving the highest remuneration.

Remuneration Policy

The Group's policy for determining the nature and amount of remuneration. The amount of emoluments for Board members of the Group is as follows:

The Group's remuneration policy for Executive Directors is designed to promote superior performance and long term commitment to the Group. Executives received a base remuneration which is market related.

The remuneration policy, setting the terms and conditions for the Executive Directors and other Senior Executives, was developed by the Board after seeking professional advice from independent external consultants.

The Board's policy reflects its obligation to align Executives' remuneration with Shareholders' interests and to retain appropriately qualified Executive talent for the benefit of the Group. The main principles of the policy are:

- reward reflects the competitive market in which the Group operates;
- individual reward should be linked to performance criteria; and
- Executives should be rewarded for both financial and non-financial performance.

Executives are also entitled to participate in the employee share and option arrangements.

The Executive Director and Executives receive a superannuation guarantee contribution required by the government, which is currently 9.50%, and do not receive any other retirement benefits.

Group Performance, Shareholder Wealth and Director and Executive Remuneration

The remuneration policy has been tailored to increase goal congruence between Shareholders, Directors and Executives. There have been two methods applied in achieving this aim, the first being a performance based bonus based on key performance indicators, and the second being the issue of options to the majority of Directors and Executives to encourage the alignment of personal and Shareholders' interests.

Employment Agreements

Remuneration and other terms of employment are formalised in employment agreements.

M V Hogan – Managing Director

- Updated term of agreement – commenced 1 July 2018.
- Base salary of $175,000 per annum plus superannuation.
- Provision of four weeks annual leave.
- May be terminated by Mr Hogan by giving to the Company one months' notice in writing.
- May be terminated by the Company by giving 12 months' notice in writing to Mr Hogan.

S Arunachalam – Executive Director

- Updated term of agreement – commenced 1 August 2019.
- Base salary of $175,000 per annum plus superannuation.
- Provision of four weeks annual leave.
- May be terminated by Mr Arunachalam or by the Company by giving one month's notice in writing.
- May be terminated by the Company by giving 12 months' notice in writing to Mr Arunachalam.

B Fehlberg – Non-Executive Director

- Term of agreement – commenced 1 July 2018.
- Base salary of $105,000 per annum plus superannuation.
- Effective from 1 Aug 2019, Mr Fehlberg's base salary was reduced to $12,000 per annum and designated as Non-Executive Director.
- Effective from 1 April 2020, Mr Fehlberg's base salary was increased to $30,000 per annum.

Non-Executive Directors

Fees to Non-Executives Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' remuneration consists of set fee amounts and statutory superannuation. Directors' base fees are presently up to $30,000 per annum.

Non-Executives Directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The total compensation for all Non-Executive Directors, last voted upon by shareholders at the 2010 AGM, is not to exceed $250,000 per annum. There is no provision for retirement allowances for Non-Executive Directors apart from statutory superannuation. Non-Executive Directors are eligible to be granted options to provide a material additional incentive for their ongoing commitment and dedication to the continued growth of the Group.

DIRECTORS' REPORT

REMUNERATION REPORT (Audited) (continued)

Details of Remuneration for the year ended 30 June 2020 and 30 June 2019

		Short Term		Post-employment	Share-based payments		S300A(1)(e)(i) Proportion of remuneration performance related
	Year	Salary & Fees	Non-monetary benefits [1]	Superannuation Contribution	Options	Total	
		$	$	$	$	$	%
Key Management Person (Directors)							
Matthew Vernon Hogan	**2020**	**175,000**	**21,128**	**16,625**	**305,244**	**517,997**	-
	2019	175,000	14,740	16,625	20,878	227,243	-
Peter Charles Hawkins (appointed 31 July 2020)	**2020**	**27,500**	**-**	**2,613**	**84,375**	**114,488**	-
	2019	-	-	-	-	-	-
Barry Fehlberg	**2020**	**24,250**	**(8,844)**	**2,304**	**108,369**	**126,079**	-
	2019	105,000	8,844	9,975	20,878	144,697	-
Selvakumar Arunachalam [2]	**2020**	**204,167**	**(23,225)**	**17,014**	**128,496**	**326,452**	-
	2019	175,000	9,232	16,625	13,919	214,776	-
Alan Gordon Birchmore (resigned 31 July 2020) [3]	**2020**	**-**	**-**	**-**	**19,781**	**19,781**	-
	2019	-	-	-	13,919	13,919	-
Total	**2020**	**430,917**	**(10,941)**	**38,556**	**646,265**	**1,104,797**	
Total	2019	455,000	32,816	43,225	69,594	600,635	

(1) Movements in the KMP's annual and long service leave during the year.
(2) During the year, Mr Arunachalam was paid $29,167 in cash for his long service leave.
(3) Mr Birchmore did not receive any salaries and fees from the Group.

DIRECTORS' REPORT

REMUNERATION REPORT (Audited) (continued)

Options awarded and vested during the year

Terms and Conditions for each Grant during the year

	Year	Awarded No.	Award date	Fair value per option at award date ($)	Exercise price ($)	Expiry date	No. unvested during the year	No. vested during the year
Key Management Person (Directors)								
Matthew Vernon Hogan	**2020**	**2,500,000**	**20/12/2019**	**$0.1125**	**$0.30**	**30/11/2022**	**375,000**	**2,875,000**
	2019	750,000	11/12/2018	$0.0674	$0.25	30/11/2021	750,000	-
Peter Charles Hawkins (appointed 31 July 2019)	**2020**	**750,000**	**20/12/2019**	**$0.1125**	**$0.30**	**30/11/2022**	**-**	**750,000**
	2019	-	-	-	-	-	-	-
Barry Fehlberg	**2020**	**750,000**	**20/12/2019**	**$0.1125**	**$0.30**	**30/11/2022**	**375,000**	**1,125,000**
	2019	750,000	11/12/2018	$0.0674	$0.25	30/11/2021	750,000	-
Selvakumar Arunachalam	**2020**	**1,000,000**	**20/12/2019**	**$0.1125**	**$0.30**	**30/11/2022**	**250,000**	**1,250,000**
	2019	500,000	11/12/2018	$0.0674	$0.25	30/11/2021	500,000	-
Alan Gordon Birchmore (resigned 31 July 2019)	**2020**	**-**	**-**	**-**	**-**	**-**	**250,000**	**250,000**
	2019	500,000	11/12/2018	$0.0674	$0.25	30/11/2021	500,000	-
Total	**2020**	**5,000,000**	**20/12/2019**	**$0.1125**	**$0.30**	**30/11/2022**	**1,250,000**	**6,250,000**
	2019	2,500,000	11/12/2018	$0.0674	$0.25	30/11/2021	2,500,000	-

DIRECTORS' REPORT

REMUNERATION REPORT (Audited) (continued)

Performance rights awarded and vested during the year

Terms and Conditions for each Grant during the year

	Year	Awarded No.	Award date	Fair value per right at award date ($)	Exercise price ($)	Expiry date	No. unvested during the year	No. vested during the year
Key Management Person (Directors)								
Matthew Vernon Hogan	**2020**	**3,500,000**	**20/12/2019**	**$0.19**	**-**	**20/12/2024**	**3,500,000**	**-**
	2019	-	-	-	-	-	-	-
Peter Charles Hawkins (appointed 31 July 2019)	**2020**	**500,000**	**20/12/2019**	**$0.19**	**-**	**20/12/2024**	**500,000**	**-**
	2019	-	-	-	-	-	-	-
Barry Fehlberg	**2020**	**2,000,000**	**20/12/2019**	**$0.19**	**-**	**20/12/2024**	**2,000,000**	**-**
	2019	-	-	-	-	-	-	-
Selvakumar Arunachalam	**2020**	**1,500,000**	**20/12/2019**	**$0.19**	**-**	**20/12/2024**	**1,500,000**	**-**
	2019	-	-	-	-	-	-	-
Alan Gordon Birchmore (resigned 31 July 2019)	**2020**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2019	-	-	-	-	-	-	-
Total	**2020**	**7,500,000**	**20/12/2019**	**$0.19**	**-**	**20/12/2024**	**7,500,000**	**-**
	2019	-	-	-	-	-	-	-

DIRECTORS' REPORT

REMUNERATION REPORT (Audited) (continued)

Options lapsed during the year

	Year	Awarded No.	Award date	Fair value per option at award date ($)	Exercise price ($)	Expiry date	No. lapsed during the year
Key Management Person (Directors)							
Matthew Vernon Hogan	**2020**	**-**	**-**	**-**	**-**	**30/11/2019**	**1,810,000**
	2019	-	-	-	-	-	-
Peter Charles Hawkins (appointed 31 July 2019)	**2020**	**-**	**-**	**-**	**-**	**-**	**-**
	2019	-	-	-	-	-	-
Barry Fehlberg	**2020**	**-**	**-**	**-**	**-**	**30/11/2019**	**2,232,536**
	2019	-	-	-	-	-	-
Selvakumar Arunachalam	**2020**	**-**	**-**	**-**	**-**	**30/11/2019**	**1,000,000**
	2019	-	-	-	-	-	-
Alan Gordon Birchmore (resigned 31 July 2019)	**2020**	**-**	**-**	**-**	**-**	**-**	**-**
	2019	-	-	-	-	-	-
Total	**2020**	**-**	**-**	**-**	**-**	**30/11/2019**	**5,042,536**
	2019	-	-	-	-	-	-

Value of options held by key management personnel, exercised and lapsed during the year

For details on the valuation of the options, including models and assumptions used, please refer to note 17.

There were no alterations to the terms and conditions of options awarded as remuneration since their award date.

DIRECTORS' REPORT

REMUNERATION REPORT (Audited) (continued)

Options over equity instruments

The movement during the reporting period in the number of options over ordinary shares in the Company held, directly, indirectly or beneficially, by key management persons, including their related parties, is as follows:

	Balance 1 July 2019	Granted as compen-sation	Exer-cised	Net change Others [(1)]	Held at 30 June 2020	Vested during the year	Vested and exercisable at 30 June 2020
Directors							
M V Hogan	2,560,000	2,500,000	-	(1,810,000)	3,250,000	2,875,000	2,875,000
P Hawkins (appt 31 July 2019)	-	750,000	-	-	750,000	750,000	750,000
B Fehlberg	2,982,536	750,000	-	(2,232,536)	1,500,000	1,125,000	1,125,000
S Arunachalam	1,500,000	1,000,000	-	(1,000,000)	1,500,000	1,250,000	1,250,000
A G Birchmore (resigned 31 July 2019)	1,041,667	-	-	-	1,041,667*	-	-
	8,084,203	**5,000,000**	**-**	**(5,042,536)**	**8,041,667**	**6,000,000**	**6,000,000**

	Balance 1 July 2018	Granted as compen-sation	Exer-cised	Net change Others[(1)]	Held at 30 June 2019	Vested during the year	Vested and exercisable at 30 June 2019
Directors							
M V Hogan	1,560,000	750,000	-	250,000	2,560,000	-	1,810,000
A G Birchmore	541,667	500,000	-	-	1,041,667	-	541,667
B Fehlberg	2,232,536	750,000	-	-	2,982,536	-	2,232,536
S Arunachalam	1,000,000	500,000	-	-	1,500,000	-	1,000,000
	5,334,203	**2,500,000**	**-**	**250,000**	**8,084,203**	**-**	**5,584,203**

(1) Other changes represent options that were acquired, expired, transferred or were forfeited during the year.

*Balance on resignation

Performance rights over equity instruments

The movement during the reporting period in the number of performance rights over ordinary shares in the Company held, directly, indirectly or beneficially, by key management persons, including their related parties, is as follows:

	Held at 1 July 2019	Acquired	On exercise of rights	Other change [(1)]	Held at 30 June 2020
Directors					
M W Hogan	-	3,500,000	-	-	3,500,000
P Hawkins (appt 31 July 2019)	-	500,000	-	-	500,000
B Fehlberg	-	2,000,000	-	-	2,000,000
S Arunachalam	-	1,500,000	-	-	1,500,000
A G Birchmore (resigned 31 July 2019)	-	-	-	-	-
	-	**7,500,000**	**-**	**-**	**7,500,000**

	Held at 1 July 2018	Acquired	On exercise of options	Other change [(1)]	Held at 30 June 2019
Directors					
M W Hogan	-	-	-	-	-
A G Birchmore	-	-	-	-	-
B Fehlberg	-	-	-	-	-
S Arunachalam	-	-	-	-	-
	-	**-**	**-**	**-**	**-**

DIRECTORS' REPORT

REMUNERATION REPORT (Audited) (continued)

Shareholdings of key management personnel

The movement during the reporting period in the number of shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2019	Acquired	On exercise of options	Other change [(1)]	Held at 30 June 2020
Directors					
M W Hogan	1,320,056	-	-	-	1,320,056
P Hawkins (appt 31 July 2019)	-	-	-	-	-
B Fehlberg	2,585,000	2,000,000	-	-	4,585,000
S Arunachalam	175,000	-	-	-	175,000
A G Birchmore (resigned 31 July 2019)	1,604,771	-	-	-	1,604,771*
	5,684,827	**2,000,000**	**-**	**-**	**7,684,827**

	Held at 1 July 2018	Acquired	On exercise of options	Other change [(1)]	Held at 30 June 2019
Directors					
M W Hogan	235,000	1,085,056	-	-	1,320,056
A G Birchmore	650,000	900,000	-	54,771	1,604,771
B Fehlberg	1,730,000	855,000	-	-	2,585,000
S Arunachalam	175,000	-	-	-	175,000
	2,790,000	**2,840,056**	**-**	**54,771**	**5,684,827**

[(1)] Other change represents on and off-market trade   *Balance on resignation

End Remuneration Report

DIRECTORS' REPORT

Shares issued on exercise of Options

During the year there were a total 29,847,325 shares were issued upon exercise of Options.

OPTIONS

At the date of this report unissued shares of the Company under option are:

Expiry date	Exercise price	Number of shares
Director & Employee Options		
30-Nov-2021	$0.25	3,250,000
30-Nov-2022	$0.30	5,750,000
		9,000,000

These Options do not entitle the holder to participate in any share issue of the Company.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

Indemnification

The Company has agreed to indemnify the following current directors of the Company, Mr P C Hawkins, Mr M V Hogan, Mr B Fehlberg, and Mr S Arunachalam against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance premium

Since the end of the previous financial year the Company has paid insurance premiums of $16,800 in respect of directors' and officers' liability insurance for current directors, including senior executives of the Company. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a willful breach of duty or improper use of information or position to gain a personal advantage.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

ENVIRONMENTAL LIABILITIES

There were no environmental liabilities at the date of this report.

NON-AUDIT SERVICES

During the year there were no non-audit services provided by the Group's auditor, Stantons International.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 28 and forms part of the Director's Report for the financial year ended 30 June 2020.

This report is made with a resolution of the Directors.

Matthew Vernon Hogan
Managing Director
Perth, Western Australia

24 September 2020

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

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24 September 2020

Board of Directors
Venus Metals Corporation Limited
Unit 2, 8 Alvan St
Subiaco WA 6008

Dear Directors

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 Audit Director for the audit of the financial statements of Venus Metals Corporation Limited for the year ended 30 June 2020, 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 audit; and

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

Yours sincerely

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

Samir Tirodkar
Director

CORPORATE GOVERNANCE STATEMENT

Approach to Corporate Governance

The Group has adopted systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations third edition (**Principles & Recommendations**), the Group has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Group's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Group's corporate governance practices depart from a recommendation, the Board has offered full disclosure and an explanation for the adoption of its own practice.

The ASX Corporate Governance Council released the fourth edition of its *Corporate Governance Principles and Recommendations* on 27 February 2019. The Group will be required to measure their governance practices against the recommendations in the fourth edition commencing with the financial year beginning 1 July 2020 and ending 30 June 2021.

Further information about the Group's corporate governance practices may be found on the Group's website at www.venusmetals.com.au, under the section marked "Group - Corporate Governance".

The Group reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2019/2020 financial year (**Reporting Period**).

Board

Principle 1 – Lay Solid Foundations for Management and Oversight

Recommendation 1.1

The Group has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter.

Recommendation 1.2

The Board undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The checks which are undertaken, and the information provided to shareholders are set out in the *Group's Policy and Procedure for the Selection and (Re) Appointment of Directors* which is disclosed on the Group's website.

Recommendation 1.3

The Group has a written agreement with each director and senior executive setting out the terms of their appointment. The material terms of any employment, service or consultancy agreement the Group has entered into with any director or senior executive has been disclosed in accordance with ASX Listing Rule 3.16.4.

Recommendation 1.4

The Group Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board as outlined in the *Board Charter*.

Recommendation 1.5

The Board is responsible for establishing and monitoring on an annual basis the achievement against gender diversity objectives and strategies, including the representation of women at all levels of the organisation.

The proportion of women within the whole organisation as at 30 June 2020 was as follows:

Women employees in the whole organisation	38%
Women in Senior Executive positions	0%
Women in the Board of Directors	0%

The Board acknowledges the absence of female participation on the Board of Directors. However, the Board has determined that the composition of the current Board represents the best mix of Directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of management.

CORPORATE GOVERNANCE STATEMENT

Recommendation 1.5 (continued)

The Group has not set or disclosed measurable objectives for achieving gender diversity. Due to the size of the Group, the Board does not deem it practical to limit the Group to specific targets for gender diversity as it operates in a very competitive labour market where positions are sometimes difficult to fill. However, every candidate suitably qualified for a position has an equal opportunity of appointment regardless of gender, age, ethnicity or cultural background.

Recommendation 1.6

The Chair is responsible for the performance evaluation of the Board and, when deemed appropriate, the Board committees and individual directors.

Each of the directors (including the Chair) completes a questionnaire and the Chair discusses the responses to the questionnaire with the Board on a round-table basis. The Chair is reviewed on this basis by the rest of the Board.

During the Reporting Period, an evaluation of the Board, its committees and individual directors took place in accordance with the process disclosed above.

Recommendation 1.7

The Chair is responsible for evaluating the performance of the Group's senior executives.

The evaluation is conducted at the time of the executive's annual remuneration review and involves an interview with the Chair to discuss performance against the senior executive's contract with the Group. The Chair also evaluates the performance of the senior executives on an ongoing basis via informal discussions about performance.

During the Reporting Period a performance evaluation of the senior executives took place in accordance with the process disclosed above.

Principle 2 – Structure the Board to Add Value

Recommendation 2.1

The Board has not established a separate Nomination Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee. Items that are usually required to be discussed by a nomination committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Group's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board, in its capacity as the Nomination Committee, has not held any meetings during the Reporting Period.

The Board has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Nomination Committee. A copy of the Nomination Committee Charter is available on the Group's website

Recommendation 2.2

The mix of skills and diversity for which the Board is looking to achieve in its membership is represented by the Board's current composition.

Set out below are details of the members of the Board during the Reporting Period and their specific skills:

Mr Peter Hawkins (Non-executive Chairman)
Corporate finance – experience in strategy and business development, commercial acumen, executive leadership.

Mr Matthew Hogan (Managing Director)
Corporate finance – experience in project identification and acquisition, strategy and business development, commercial acumen.

Mr Barry Fehlberg (Non- Executive Director)
Geologist – experience in planning and managing mineral exploration projects, strategy and business development, commercial acumen.

Mr Kumar Arunachalam (Executive Director)
Geologist – experience in planning and managing mineral exploration projects.

CORPORATE GOVERNANCE STATEMENT

Recommendation 2.3

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles & Recommendations. During the Reporting Period, the two independent directors of the Group were Mr Peter Hawkins and Mr Barry Fehlberg.

The Board has considered both Mr Hawkins and Mr Fehlberg's independence that both are sufficiently independent because they are not a member of management, they are free of any business or other relationship that could materially interfere with the independent exercise of their judgement and consistently makes decisions that are in the best interests of the Group. Accordingly, the Board considers both Mr Hawkins and Mr Fehlberg to be independent directors.

The length of service of each director is set out in the Directors' Report.

Recommendation 2.4

The Board does not have a majority of directors who are independent. The Board considers that it's composition is appropriate for the Group's circumstances and includes an appropriate mix of skills and expertise relevant to the Group. The Group gives consideration to the balance of independence on the Board and will continue to review its composition.

Recommendation 2.5

During the Reporting Period, the Group's independent Chair is Mr Peter Hawkins. The Board believes that Mr Hawkins is the most appropriate person for the position of Chair because of his industry experience and knowledge. The Board believes that Mr Hawkins makes decisions that are in the best interests of the Group.

The Managing Director of the Group is Mr Matthew Hogan.

Recommendation 2.6

Given the size of the Group there is no formal induction process for new directors. Board considers that if any new director is to be appointed, that new director will be provided with a personalized induction dependent upon the skills, experience and knowledge of the Group that the new director possesses.

Principle 3 – Act Ethically and Responsibly

Recommendation 3.1

The Group has established a Code of Conduct as to the practices necessary to maintain confidence in the Group's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

A summary of the Group's Code of Conduct is available on the Group website.

Principle 4 – Safeguard Integrity in Corporate Reporting

Recommendation 4.1

The Board has established an Audit Committee and adopted an Audit Committee Charter which describes the role, composition functions and responsibilities of the Audit Committee.

The members of the Audit Committee are Peter Hawkins (Chair) and Matthew Hogan, and the Company Secretary, Patrick Tan.

All members of the Audit Committee consider themselves to be financially literate and have an understanding of the industry in which the Group operates.

CORPORATE GOVERNANCE STATEMENT

Recommendation 4.1 (Continued)

The Group has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Group through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Group's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

The Group's Audit Committee Charter and the Group's Procedure for Selection, Appointment and Rotation of External Auditor are available on the Group's website.

Recommendation 4.2

The Managing Director and Chief Financial Officer/Company Secretary declared in writing to the Board that the financial records of the Group for the financial year have been properly maintained, the Group's financial reports for the financial year ended 30 June 2020 comply with accounting standards and present a true and fair view of the Group's financial condition and operation results. The statement is required annually.

Recommendation 4.3

Under section 250RA of the Corporations Act, the Group's auditor is required to attend the Group's annual general meeting at which the audit report is considered, and must arrange to be represented by a person who is a suitably qualified member of the audit team that conducted the audit and who is in a position to answer questions about the audit. Each year, the Group writes to the Group's auditor to inform them of the date of the Group's annual general meeting. In accordance with section 250S of the Corporations Act, at the Group's annual general meeting where the Group's auditor or their representative is at the meeting, the Chair allows a reasonable opportunity for the members as a whole at the meeting to ask the auditor (or its representative) questions relevant to the conduct of the audit; the preparation and content of the auditor's report; the accounting policies adopted by the Group in relation to the preparation of the financial statements, and the independence of the auditor in relation to the conduct of the audit. The Chair also allows a reasonable opportunity for the auditor (or their representative) to answer written questions submitted to the auditor under section 250PA of the Corporations Act.

A representative of the Group's auditor, Stantons International attended the Group's annual general meeting held on 25 November 2019.

Principle 5 – Make Timely and Balanced Disclosure

Recommendation 5.1

The Group has established written policies and procedures for complying with its continuous disclosure obligations under the ASX Listing Rules. A summary of the Group's *Policy on Continuous Disclosure* is disclosed on the Group's website.

Principle 6 – Respect the Rights of Security Holders

Recommendation 6.1

The Group provides information about itself and its governance to security holders via the Investor Centre on its website at www.venusmetals.com.au as set out in its *Shareholder Communication Policy*.

Recommendation 6.2

The Group has implemented an investor relations program to facilitate effective two-way communication with investors. The program is set out in the *Shareholder Communication Policy*.

Recommendation 6.3

The Group has in place a *Shareholder Communication Policy* which outlines the policies and processes that it has in place to facilitate and encourage participation at meeting of shareholders.

Recommendation 6.4

Shareholders are given the option to receive communications from, and send communications to, the Group and its share registry electronically. The contact details of the Group and its share registry are available on the website at www.venusmetals.com.au. Further, shareholders may register to receive ASX Announcements through the website.

CORPORATE GOVERNANCE STATEMENT

Principle 7 – Recognise and Manage Risk

Recommendation 7.1

The Board has adopted a Risk Management Policy, which sets out the Group's risk profile. Under the policy, the Board is responsible for approving the Group's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Group's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Group employees, contractors and records and may obtain independent expert advice on any matter he/she deems appropriate, with the prior approval of the Board.

In addition, the following risk management measures have been adopted by the Board to manage the Group's material business risks:

- the Board has established authority limits for management, which, if proposed to be exceeded, requires prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Group's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Group to establish and maintain its governance practices.

The Group considers the following categories of risk to have a material effect impact its business and hence are included in the Group’s risk profile.

- Market-related;
- Financial reporting;
- Operational;
- Environmental;
- Sustainability;
- Occupational Health & Safety;
- Ethical conduct;
- Reputation; and
- Legal and Compliance.

Recommendation 7.2

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Group's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received a report from management as to the effectiveness of the Group's management of its material business risks for the Reporting Period.

The Managing Director has provided assurance in writing to the Board that the Group’s financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

Monthly actual results are reported against budgets approved by the Directors and revised forecasts for the year are prepared regularly.

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group.

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group. The Board has developed procedures to assist Directors to disclosed potential conflict of interest.

Where the Board believes that a significant conflict exists for a Director on a board matter, the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

A summary of the Group’s *Risk Management Policy* is available on the Group’s website.

CORPORATE GOVERNANCE STATEMENT

Recommendation 7.3

The Group does not have an internal audit function. To evaluate and continually improve the effectiveness of the Group's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Group's *Risk Management Policy*.

Recommendation 7.4

Using its risk management framework, the Board has identified the following risk categories – liquidity, strategic risk, operational, environmental, compliance, human capital, workplace, health and safety, financial reporting, market and commodity related.

As the Group is not in production nor has any major operations, the Group has not identified any material exposure to any economic, environmental and/or social sustainability risks.

However, the Group does have a material exposure to the following economic risks:

Economic risk type	Mitigation strategies
Market risk – movements in commodity prices	The group manages its exposure to market risk by monitoring market conditions and making decisions based on industry experience.
Future capital – cost and availability of funds to meet the Group's business needs	The Group monitors its cash reserves and manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance requirements to finance the group's current and future operations.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1

The Board has established a Remuneration Committee. The members of the Remuneration Committee are Peter Hawkins (Chair), Matthew Hogan, Selvakumar Arunachalam and Company Secretary, Patrick Tan.

During the year the Remuneration Committee has met to discuss the remuneration of the Executive Directors.

The Board has adopted a *Remuneration Committee Charter* which describes the role, composition, functions and responsibilities of the Remuneration Committee, a copy of which is disclosed on the Group's website.

Recommendation 8.2

Details of remuneration, including the Group's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report and commences at page 20 of the Group's 2020 Annual Report. The Group has not adopted a policy regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback of the performance-based remuneration in the event of serious misconduct or a material misstatement in the Group's financial statements as it does not currently pay performance based remuneration.

Recommendation 8.3

The Group's ***Policy for Trading in Group Securities*** includes a statement of the Group's policy on prohibiting participants in the Group's Employee Share Option Plan entering into transactions or arrangements which limit the economic risk of participating in the Plan.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Note	2020 $	2019 $
Revenue	4	250,663	372,107
Other income	4	344,208	41,372
Gain on disposal of tenements		3,259,000	2,085,000
Profit (Loss) on sale of investments		624,974	(27,280)
Legal settlement sums received	4	1,000,000	-
Profit on sale of fixed assets		13,809	18,457
Employee benefits expense	5	(1,575,026)	(925,959)
Exploration expense		(1,623,802)	(1,338,243)
Depreciation and amortisation expense		(16,141)	(6,998)
Share based expense		(695,597)	(90,471)
Change in market value of shares		(82,747)	252,379
Impairment	11	(851,838)	(2,129,595)
Other expenses		(181,734)	(447,250)
Profit (Loss) before income tax		**465,769**	**(2,196,481)**
Income tax	6	-	-
Profit (Loss) for the year		**465,769**	**(2,196,481)**
Other comprehensive income		-	-
Income tax on other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive profit (loss) for the year		**465,769**	**(2,196,481)**
Net profit (loss) attributable to:			
Owners of the Company		465,769	(2,196,481)
Net profit (loss) for the year		**465,769**	**(2,196,481)**
Total comprehensive profit (loss) attributable to:			
Owners of the Company		465,769	(2,196,481)
Total comprehensive profit (loss) for the year		**465,769**	**(2,196,481)**
Earnings per share			
Basic profit (loss) per share	8	0.003	(0.024)
Diluted profit per share	8	0.003	n/a

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 30 June 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	2,975,024	195,809
Trade and other receivables	9	1,142,095	98,875
Financial assets at fair value through profit or loss	27	5,368,039	840,000
Prepayments		171,895	152,356
TOTAL CURRENT ASSETS		**9,657,053**	**1,287,040**
NON-CURRENT ASSETS			
Property, plant and equipment	12	213,320	75,182
Acquisition costs capitalised	11	3,390,027	4,557,865
TOTAL NON-CURRENT ASSETS		**3,603,347**	**4,633,047**
TOTAL ASSETS		**13,260,400**	**5,920,087**
CURRENT LIABILITIES			
Trade and other payables	13	604,296	1,170,533
Finance lease liability		-	31,186
Convertible loan	25	-	408,733
Employee benefits	14	84,444	87,069
Other current liabilities	15	257,421	20,919
Dividend payable	26	-	50,000
TOTAL CURRENT LIABILITIES		**946,161**	**1,768,440**
TOTAL LIABILITIES		**946,161**	**1,768,440**
NET ASSETS		**12,314,239**	**4,151,647**
EQUITY			
Share capital	16	33,941,282	26,930,105
Reserves	16	4,348,172	3,652,000
Convertible loan reserve	25	-	10,526
Accumulated losses		(25,975,215)	(26,440,984)
TOTAL EQUITY		**12,314,239**	**4,151,647**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	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 2019	**26,930,105**	**-**	**3,652,000**	**(26,440,984)**	**10,526**	**4,151,647**
Total comprehensive income for the year						
Profit for the year	-	-	-	465,769	-	465,769
Total comprehensive profit for the year	**-**	**-**	**-**	**465,769**	**-**	**465,769**
Transactions with owners recorded directly into equity						
Contributions by and distributions to owners						
Issue of ordinary shares	7,569,466	-	-	-	-	7,569,466
Issue of options as share-based payments	-	-	695,597	-	-	695,597
Options fees received	-	-	575	-	-	575
Conversion of convertible loan	-	-	-	-	(10,526)	(10,526)
Advances from shareholder	309,678	-	-	-	-	309,678
Transaction costs	(867,967)	-	-	-	-	(867,967)
Balance at 30 June 2020	**33,941,282**	**-**	**4,348,172**	**(25,975,215)**	**-**	**12,314,239**

	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 year						
Loss for the year	-	-	-	(2,196,481)	-	(2,196,481)
Total comprehensive loss for the year	**-**	**-**	**-**	**(2,196,481)**	**-**	**(2,196,481)**
Transactions with owners recorded directly into equity						
Contributions by and distributions to owners						
Issue of ordinary shares	4,120,500	(192,000)	-	-	-	3,928,500
Issue of options as share based payments	-	-	90,471	-	-	90,471
Options fees received	-	-	325	-	-	325
Issue of convertible loan	-	-	-	-	10,526	10,526
Dividend payable	-	-	-	(50,000)	-	(50,000)
Transaction costs	(47,718)	-	-	-	-	(47,718)
Balance at 30 June 2019	**26,930,105**	**-**	**3,652,000**	**(26,440,984)**	**10,526**	**4,151,647**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		60,113	2,107
Cash paid to suppliers and employees		(2,014,912)	(319,923)
Exploration expenditure (net of JV cash calls)		(1,361,137)	(1,414,042)
Legal settlement sums received		1,000,000	-
Cash flow boost received		50,000	-
Options fees received		50,000	250,000
R&D tax credit		281,708	41,372
Net cash flows (used in) operating activities	10 (b)	**(1,934,228)**	**(1,440,486)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash acquired on acquisition of subsidiary		-	71
Acquisition of plant and equipment		(160,736)	(4,919)
Acquisition of Australian treasury bonds		(4,997,529)	-
Acquisition of listed investments		(1,767,459)	(387,621)
Acquisition of exploration tenements		(50,000)	(2,952,262)
Proceeds from sale of listed investments		2,779,176	92,720
Proceeds from sale of tenements		2,625,000	2,800,000
Proceeds from sale of fixed assets		14,103	20,000
Net cash flows (used in) investing activities		**(1,557,445)**	**(432,011)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares (net of costs)		6,301,499	804,282
Payment of finance lease liability		(31,186)	-
Proceeds from convertible note loan		-	400,000
Proceeds from issues of unlisted options		575	325
Net cash flows from financing activities		**6,270,888**	**1,204,607**
Net increase /(decrease) in cash and cash equivalents		**2,779,215**	**(667,890)**
Cash and cash equivalents at 1 July		195,809	863,699
Cash and cash equivalents at 30 June	10(a)	**2,975,024**	**195,809**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 1 Reporting entity

Venus Metals Corporation Limited (the "Company") is a company domiciled in Australia. The Company's registered address is Unit 2, 8 Alvan Street, Subiaco, WA 6008, Australia. The consolidated financial statements of the Group as at and for the year ended 30 June 2020 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 cobalt-nickel, mineral sands, gold and lithium.

Note 2 Summaries of significant accounting policies

(a) Basis of Preparation

The consolidated financial statements are a general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001.* The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The financial statements are presented in Australian Dollars (AUD).

Except for cashflow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The consolidated financial statements were authorised for issue by the Board of Directors on 24 September 2020.

(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 year ended 30 June 2020 the Group incurred a profit of $465,769 (2019: loss $2,196,481) and had working capital excess of $8,710,892 (2019: Working capital deficit of $481,400). Based upon the Group's existing cash resources and short-term investments available for sale of $8,343,063 (2019: $1,035,809) 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 2020 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) New and Revised Accounting Standards Adopted by the Group

The Group has considered the implications of new and amended Accounting Standards which have become applicable for the current financial reporting period. The Group had to change its accounting policies and make adjustments as a result of adopting the following Standards:

- AASB 16: *Leases*
- AASB 3: *Business Combination*
- AASB 112: *Income Taxes*

The impact of the adoption of the Standards and the respective accounting policies is disclosed in Note 1 (d) below.

(d) Changes in Accounting Policies

This note describes the nature and effect of the adoption of the Standards on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019, where they are different to those applied in prior periods.

As a result of the changes in Group's accounting policies, prior year financial statements were required to be restated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 2 Summaries of significant accounting policies (continued)

(d) Changes in Accounting Policies (continued)

(i) **AASB 16: *Leases***

The Group as lessee
At inception of a contract the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. leases with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows;

- fixed lease payments less any lease incentives;
- variable lease payments that depend on index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of options to terminate the lease.

The right-of-use asses comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the costs of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

The adoption of AASB 16 does not have a significant impact on the Group as the Group only has one operating lease as of the reporting date, relating to rental of office premise, which is on short-term basis lease with a remaining lease term of less than 12 months). Hence, no adjustment to the opening of retained earnings have been made and the comparative information was not restated.

These amendments had no impact on the financial statements of the Group as the Board assessed the leases and have determined that the leases currently in place are short-term lease and therefore adoption of AASB 16 has no significant impact in the financial statement.

(ii) AASB 3: *Business Combination*

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 2 Summaries of significant accounting policies (continued)

(d) Changes in Accounting Policies (continued)

(iii) AASB 112: *Income Taxes*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

Since the Company is unlikely to pay a dividend in the near future these amendments had no impact on the consolidated financial statements of the Group.

Accounting Standards not yet effective

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these financial statements. The Board expects no impact on the financial statements of the Group.

(e) Significant accounting policies

Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Venus Metals Corporation Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 18.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a "joint venture" and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

Details of the Group's interests in joint arrangements are provided in Note 23.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 2 Summaries of significant accounting policies (continued)

(e) Significant accounting policies (continued)

Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 2 Summaries of significant accounting policies (continued)

(e) Significant accounting policies (continued)

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

(f) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(g) Jointly controlled operations

A jointly controlled operation is a joint venture by each venture using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operations, and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

(h) Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 2 Summaries of significant accounting policies (continued)

(i) Property, plant and equipment (continued)

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- The cost of materials and direct labour,
- Any other costs directly attributable to bringing the assets to a working condition for their intended use,
- When the Group has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located, and
- Capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as difference between the net proceeds from the disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date the asset is completed and ready for use.

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a reducing balance basis over their useful lives to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	40%
Computer equipment	40%
Motor vehicles	40%
Building improvements	40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to accumulated losses.

(j) Exploration and development expenditure

Exploration and evaluation costs are expensed as incurred. Acquisition expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 2 Summaries of significant accounting policies (continued)

(j) Exploration and development expenditure (continued)

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis in determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(k) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transactions costs, except for those carried “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement

Financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVPL).

Classifications are determined by both:

- The contractual cash flow characteristics of the financial assets; and
- The entities business model for managing the financial asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 2 Summaries of significant accounting policies (continued)

(k) Financial instruments (continued)

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income (Equity instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 *Financial Instruments: Presentation* and are not held for trading.

Financial assets at fair value through profit or loss (FVPL)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. The Group's financial assets at FVPL is disclosed in Note 27 to the financial statements.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 2 Summaries of significant accounting policies (continued)

(k) Financial instruments (continued)

Impairment

From 1 July 2019, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

– the right to receive cash flows from the asset has expired or been transferred;
– all risk and rewards of ownership of the asset have been substantially transferred; and
– the Group no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

(l) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

(m) Revenue recognition

Interest Income

Interest income is recognised using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 2 Summaries of significant accounting policies (continued)

(m) Revenue recognition (continued)

Government Grant

An unconditional government grant is recognised in the statement of profit or loss as other income when the grant becomes receivable. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

Research and development tax incentives are recognised in the statement of profit or loss as other income when received or when the amount to be received can be reliably estimated.

(n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are generally paid within 30 days of recognition.

(p) Earnings per share

(i) Basic Earnings per Share

Basic earnings per share is determined by dividing net profits after income tax attributable to members of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(q) Critical accounting estimates and judgments

The Directors evaluated estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained externally.

(i) Key Estimates – Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(ii) Acquisition Costs

The Group is required to estimate whether there has been an impairment of mineral acquisition costs capitalised.

(iii) Option and Performance Right Valuations

Estimating the fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or performance right, volatility and making assumptions about them.

The fair value is determined by a valuation using the Black Scholes Option Pricing Model, using the assumptions detailed in Note 17.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 2 Summaries of significant accounting policies (continued)

(r) Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and cash equivalents and financial assets at FVPL.

The main risks arise from the Group's financial instruments are fair value interest rate risks and market risks. The Board reviews and agrees policies for managing this risk are summarised below.

Details of the significant accounting policies and methods adopted, including the criterion for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed elsewhere in Note 2 to the financial statements.

(i) Interest Risk

The Group's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market rates.

(ii) Credit Risk

The Group does not have any material credit risk exposure to any single debtor under financial instruments.

(iii) Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows.

(s) Interest in joint ventures

(i) Reimbursement of the joint venture operator's costs

When the Group, acting as an operator, receives reimbursement of direct costs recharges to the joint venture such recharges represent reimbursements of cost that the operator incurred as an agent for the joint venture and therefore have no effect on the statement of comprehensive income.

In many cases, the Group also incurs certain general overhead expenses in carrying out activities on behalf of the joint venture. As these costs can often not be specifically identified, joint venture agreements allow the operator to recover the general overhead expenses incurred by charging an overhead fee that is based on a fixed percentage of the total costs incurred for the year, often in the form of a management fee. Although the purpose of this recharge is very similar to the reimbursement of direct costs, the Group is not acting as an agent in this case. Therefore, the general overhead expenses and the overhead fee are recognised in the statement of comprehensive income as an expense and income respectively.

(ii) Jointly controlled assets

A jointly controlled asset involves joint control and offers joint ownership by the Group and other ventures of assets contributed to or acquired for the purpose of the joint venture, without the formation of a corporation partnership or other entity.

Where the Group's activities are conducted through jointly controlled assets, the Group recognises its share of jointly controlled assets, and liabilities it has incurred, its share of liabilities incurred jointly with other venturers, related revenue and operating costs in the financial statements and share of their production.

(iii) Jointly controlled entities

A jointly controlled entity is a corporation, partnership or other entity in which each venturer holds an interest. A jointly controlled entity operates in the same way as other entities, except that a contractual arrangement established joint control. A jointly controlled entity controls the assets of the joint venture earns its own income and incurs its own liabilities and expenses. Interests in jointly controlled entities are accounted for using the equity method.

Under the equity method, the investment in the joint venture is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of comprehensive income reflects the Group's share of the result of operations of the joint venture. Where there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The share of the joint venture net profit is shown on the face of the statement of comprehensive income. This is the profit attributable to venturers in the joint venture.

The financial statements of the joint controlled entities are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the account policies in line with those of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 2 Summaries of significant accounting policies (continued)

(t) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flow at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised a finance cost.

(u) Employees benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 17.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

(v) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquire and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112: *Income Taxes* and AASB 119: *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2: *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5: *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 2 Summaries of significant accounting policies (continued)

(v) Business combinations (continued)

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* or AASB 137: *Provisions, Contingent Liabilities and Contingent Assets,* as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

(w) Compound financial instruments

Compound instruments (convertible notes) issued by the Group are classified as either financial liabilities or equity in accordance with the substance of the arrangements. An option that is convertible and that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments will be classified as equity.

The fair value of the liability component is estimated on date of issue. This is done by using the prevailing market interest rate of the same kind of instrument. This amount is recognised using the effective interest method as a liability at amortised cost until conversion or the end of life of the instrument.

The equity portion is calculated by deducting the liability amount from the fair value of the instrument as a whole. The equity portion is not remeasured after initial recognition. Equity will remain as such until the option is exercised. When the option is exercised a corresponding amount will be transferred to share capital. If the option lapses without the option being exercised the balance in equity will be recognised in profit or loss.

Costs of the transaction of the issue of convertible instruments are proportionally allocated to the equity and liability. Transaction costs in regards to the liability are included in the carrying amount of the liability and are amortised over its life using the effective interest method. Transaction cost in equity is directly recognised in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 3 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.

Geographical information

The Group operates solely in one country, Australia.

Note 4 Revenue and other income

	2020	2019
	$	$
Interest income	149,117	2,107
Option fee received	50,000	370,000
Distribution of dividend	50,000	-
Others	1,546	-
Revenue	**250,663**	**372,107**

R&D Tax credit	281,708	41,372
Cash flow boost	62,500	-
Other income	**344,208**	**41,372**

	2020	2019
	$	$
Legal settlement sums received	**1,000,000**	-

During the year, the Group received out-of-court settlement sums from Spectrum Metals Limited, Zebra Minerals Pty Ltd and DJ Carmichael arising from Zebra Minerals' acquisition of the Penny West Gold Project which amounted to $1,000,000. The Company alleged the parties for breaches of fiduciary duty, breaches of confidence and misuse of the Company's information in connection with the acquisition of Penny West Gold Project.

Note 5 Employee benefits expense

	2020	2019
	$	$
Wages and salaries	806,906	762,591
Compulsory social security contributions	72,523	72,897
Share-based payment transaction expense	695,597	90,471
	1,575,026	**925,959**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 6 Income tax

	2020 $	2019 $
(a) Numerical reconciliation of income tax expense to prima facie tax payable		
Accounting profit (loss) as per accounts	465,769	(2,196,481)
Less: R&D refund	(281,708)	(41,372)
Profit (loss) from continuing operations before income tax expense	184,061	(2,237,853)
Prima facie tax expense (benefit) from ordinary activities at 27.5% (2019: 27.5%)	50,617	(615,410)
Tax effect of amounts which are not deductible in calculating taxable income (including R&D rebate)	193,952	29,067
Movement in unrecognised temporary differences	(865,583)	(106,443)
Tax effect of current year losses for which no deferred tax assets have been recognised	621,014	692,786
Income tax expense	-	-

	2020 $	2019 $
(b) Tax losses		
Revenue losses	21,195,513	18,937,284
Capital losses	769,424	769,424
Total	**21,964,937**	**19,706,708**
Potential tax benefit at 27.5% (2019: 27.5%)	6,040,358	5,419,345

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future profit will be available against which the Group can utilise the benefit.

(c) Deferred tax asset / (liability) not brought to account and carried forward in relation to:

	2020 $	2019 $
Tax losses	6,040,358	5,419,345
Section 40-880 deduction	102,215	98,851
Exploration acquisition costs	(831,114)	(1,152,143)
Investment impairment expense	-	91
Prepayment	(47,271)	(41,898)
Provisions	47,398	33,094
Plant & Equipment	(18,355)	(3,156)
	5,293,231	**4,354,184**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 7 Related party disclosures

Key management personnel compensation

	2020	2019
	$	$
Short-term employee benefits	430,917	455,000
Post-employment benefits	38,556	43,225
Other costs	(10,941)	32,816
Share-based payments	646,265	69,594
	1,104,797	**600,635**

Information regarding individual directors' and executives' compensation and some equity instruments disclosures as required by Corporate Regulation 2M.3.03 is provided in the remuneration report section of the Directors' Report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving Director's interests existing at year-end.

Transactions with related parties

Transaction between each parent company and its subsidiary which are related parties of that Company are eliminated on consolidation and are not disclosed in this note.

Loan to key management personnel and their related parties

There are no loans made to directors or other key management personnel of the Company or the Group.

Key management personnel and director transaction

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

Zoe Hogan, daughter of Mr Matthew Hogan, is an employee of the Company. She received total remuneration inclusive of superannuation during the financial year of $42,000 (2019: $25,798) as Office Administrator.

There were no other transactions with related parties during the year.

Note 8 Earnings / (Loss) per share

The calculation of basic and diluted earnings / (loss) per share for the year ended 30 June 2020 and 30 June 2019 was based on the following:

	2020	2019
	$	$
Net profit (loss) attributable to ordinary equity holders of the Company	465,769	(2,196,481)

	2020	2019
	No.	No.
Weighted average number of ordinary shares used in calculating basic earnings / (loss) per share	136,506,206	89,656,564

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 8 Earnings (Loss) per share (continued)

	2020 No.	2019 No.
Effect of dilution:		
Share options	9,000,000	n/a
Performance rights	7,500,000	n/a
Adjusted weighted average number of ordinary shares (diluted) used in calculating basic diluted earnings / (loss) per share	153,006,206	89,656,564

	2020 $	2019 $
Basic earnings / (loss) per share	0.003	(0.024)
Diluted profit per share	0.003	n/a

Note 9 Trade and other receivables

	2020 $	2019 $
Receivables from a joint venture partner	30,003	15,152
Shares in Rox Resources Limited to be issued [1]	1,000,000	-
Other receivables	112,092	83,723
	1,142,095	**98,875**

[1] Purchase consideration in the form of Rox Resources Limited's ordinary shares (41,666,667 shares at deemed price of $0.024 each) from the sale of 20% interest in Youanmi Gold Project. The ordinary shares were issued on 30 July 2020 upon approval by Rox Resources' shareholders during the general meeting.

None of the receivables are past due or impaired.

Note 10 Cash and cash equivalents

(a) Cash and cash equivalents

	2020 $	2019 $
Cash at bank and on hand	2,975,024	195,809
	2,975,024	**195,809**

Cash at bank earns interest at floating rates based on daily bank deposit rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 10 Cash and cash equivalents (continued)

(b) Reconciliation of cash flows from operating activities

	2020 $	2019 $
Profit (Loss) for the year	465,769	(2,196,481)
Adjustments for:		
- Loss on sale of listed investments	-	27,280
- Depreciation and amortisation	16,141	6,998
- Share-based payment transaction expenses	695,597	90,471
- Profit on disposal of fixed assets	(13,809)	(18,457)
- Gain on sale of tenements	(3,259,000)	(2,085,000)
- Gain on sale of listed investments	(624,974)	-
- Gain on distribution of dividend	(50,000)	-
- Fair value loss on revaluation of listed investments	82,747	-
- Interest on convertible note loan	(19,259)	-
- Interest income	(89,004)	-
- Cash flow boost	(12,500)	-
- Impairment of excess of consideration paid on assets acquired	851,838	2,129,595
Changes in:		
- Prepayments	(19,539)	(17,574)
- Trade and other receivables	58,284	(870,519)
- Trade and other payables	(256,559)	1,014,877
- Convertible note loan	-	408,733
- Employee benefits	(2,625)	-
- Other current liabilities	242,665	69,591
Net cash used in operating activities	**(1,934,228)**	**(1,440,486)**

(c) Non-cash financing and investing activities

	2020 $	2019 $
Sale of additional 20% (2019: 50%) interest in Youanmi Gold Project to Rox Resources for a consideration of $3 million (2019: $3 million).		
Cash consideration	2,000,000	2,800,000
Share consideration	1,000,000	200,000
Cost of tenement	(366,000)	(915,000)
Gain on sale	**2,634,000**	**2,085,000**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 11 Capitalised acquisition costs

	2020 $	2019 $
Cost		
Balance at 1 July	6,687,460	1,573,770
Acquisition costs during the year	50,000	854,500
Disposal during the year	(366,000)	-
Excess of consideration paid on net asset acquired	-	4,259,190
Balance at 30 June	6,371,460	6,687,460
Impairment		
Balance at 1 July	(2,129,595)	-
Impairment [1]	(851,838)	(2,129,595)
Balance at 30 June	(2,981,433)	(2,129,595)
Carrying amounts	**3,390,027**	**4,557,865**

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) The impairment represents 70% (2019: 50%) write down of the consideration paid in excess of net assets of Oz Youanmi Gold Pty Ltd amount on consolidation as the Group has to-date sold 70% (2019: 50%) of the Youanmi Gold Mine's tenements to Rox Resources Limited.

Note 12 Property, plant and equipment

	Motor vehicles $	Plant & equipment $	Total $
Cost			
Balance 1 July 2019	236,703	316,752	553,455
Additions	15,738	144,998	160,736
Disposals	(30,361)	-	(30,361)
Balance at 30 June 2020	**222,080**	**461,750**	**683,830**
Balance 1 July 2018	220,016	311,833	531,849
Additions	75,011	4,919	79,930
Disposals	(58,324)	-	(58,324)
Balance at 30 June 2019	**236,703**	**316,752**	**553,455**
Accumulated depreciation			
Balance 1 July 2019	195,221	283,052	478,273
Depreciation charge for the year	11,384	10,920	22,304
Additions	-	-	-
Disposals	(30,067)	-	(30,067)
Balance at 30 June 2020	**176,538**	**293,972**	**470,510**
Balance 1 July 2018	215,338	275,789	491,127
Depreciation charge for the year	1,397	7,263	8,660
Additions	35,267	-	35,267
Disposals	(56,781)	-	(56,781)
Balance at 30 June 2019	**195,221**	**283,052**	**478,273**
Carrying amounts			
At 30 June 2020	**45,542**	**167,778**	**213,320**
At 30 June 2019	**41,482**	**33,700**	**75,182**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 13 Trade and other payables

	2020	2019
	$	$
Trade payables	277,384	725,287
Accrued expenses	69,487	32,487
Refundable deposit [(1)]	250,000	250,000
Other payables	7,425	162,759
	604,296	**1,170,533**

The Group's exposure to liquidity risk related to trade and other payables is disclosed in Note 20.

(1) The amount is refundable to FI Joint Venture Pty Ltd in relation to the sale of 50% in the Yalgoo Iron Ore Project should the Foreign Investment Review Board (FRIB) not approve the sale. The proposed sale is currently under review by FIRB.

Note 14 Employee benefits

	2020	2019
	$	$
Liability for annual leave	76,490	56,750
Liability for long service leave	7,954	30,319
	84,444	**87,069**

Note 15 Other current liabilities

	2020	2019
	$	$
Farmin Agreement [(1)]	14,756	20,919
Amount owing to a joint venture partner [(2)]	242,665	-
	257,421	**20,919**

(1) On 4 February 2010, the Company entered into Yalgoo Iron Ore Farmin and Joint Venture Heads of Agreement (Farmin Agreement) with HD Mining & Investment Pty Ltd (HD Mining), a subsidiary of Shandong Provincial Bureau of Geology & Mineral Resources based in Jinan, Shandong, P.R. of China. HD Mining has earned a 50% interest in the Yalgoo Iron Ore Project (YIOP). Accordingly, both the Company and HD Mining have formed an unincorporated joint venture in accordance of the Farmin Agreement. The amount $14,756 (2019: $20,919) represents the net book value of fixed assets purchased in relation to the YIOP. This amount has been included in the Note 12 Property, plant and equipment.

(2) This amount includes a loan which amounted to $119,007 (2019: Nil) advanced by joint venture partner, Rox Resources Limited (Rox) on exploration expenditure pertaining to Youanmi Gold Mine Project which was 70% held by Rox. Oz Youanmi Gold Pty Ltd has opted not to contribute its 30% share of exploration expenditure under the joint venture and entered into a loan arrangement under the Term Sheet – Youanmi Gold Project's clause 21. The term of the loan is interest free with no fixed maturity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 16 Capital and reserves

Share capital

	2020 $	2019 $
(a) 151,078,683 (2019: 113,231,358 fully paid ordinary shares)	33,941,282	26,930,105

	2020 No.	2019 No.	2020 $	2019 $
On issue at 1 July	113,231,358	85,581,359	26,930,105	22,857,323
Issued during the year	37,847,325	27,649,999	7,569,466	4,120,500
Advances from shareholder	-	-	309,678	-
Share issue costs	-	-	(867,967)	(47,718)
On issue at 30 June	**151,078,683**	**113,231,358**	**33,941,282**	**26,930,105**

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.

Capital Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Reserves – Share Option Reserve

	2020 $	2019 $
As at 1 July	3,652,000	3,561,204
Share-based payment transactions	695,597	90,471
Option fee received	575	325
As at 30 June	**4,348,172**	**3,652,000**

Options

	2020 No.	2019 No.
As at 1 July	65,687,722	62,437,722
Issued during the year	5,750,000	3,250,000
Exercised during the year	(29,847,325)	-
Lapsed during the year	(32,590,397)	-
As at 30 June	**9,000,000**	**65,687,722**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 16 Capital and reserves (continued)

Performance rights	**2020 No.**	**2019 No.**
As at 1 July	-	-
Issued during the year	7,500,000	-
Exercised during the year	-	-
Lapsed during the year	-	-
As at 30 June	**7,500,000**	**-**

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 17 for further details of these plans.

Note 17 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.

On 25 November 2019, the shareholders approved to issue 5,000,000 unlisted options at an issue price of $0.0001 per option (each option having an exercise price of $0.30 and an expiry date of 30 November 2022) to the Directors (or their nominees) as set out below. There are no additional vesting conditions attached to the options other than continuous employment with the Company.

Director/Nominee	Number of Options
Matthew Vernon Hogan & Zoe Louise Hogan <Hogan Superannuation Fund> (Mr Matthew Hogan’s nominee)	2,500,000
Mr Barry Fehlberg	750,000
Mr Peter Charles Hawkins	750,000
Mrs Sivagami Selvakumar (Mr Selvakumar Arunachalam’s nominee)	1,000,000
Total	**5,000,000**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 17 Share-based payment arrangements (continued)

On 25 November 2019, the shareholders approved to issue 7,500,000 unlisted performance rights at nil cash consideration (at zero-exercise price, expiring five years from the date of issue, being 20 December 2024) to the Directors (or their nominees) as set out below:

Director/Nominee	Number of Performance Rights
Matthew Vernon Hogan & Zoe Louise Hogan <Hogan Superannuation Fund> (Mr Matthew Hogan's nominee)	3,500,000
Yafco Pty Ltd <3 Bear Superfund No 1> (Mr Barry Fehlberg's nominee)	2,000,000
Mr Peter Charles Hawkins	500,000
Mrs Sivagami Selvakumar (Mr Selvakumar Arunachalam's nominee)	1,500,000
Total	**7,500,000**

The performance rights will vest based on:

a) 50% of the original issue will vest on a decision to mine being made in respect of the area outlined in Figure 1 of the Group's 2019 Annual Report.

b) 50% of the original issue will vest on the Company announcing a maiden mineral resource(s) (JORC) attributable to the Group estimated as:

▪ at least 100,000 ounces of gold at an average grade of 3g/t Au or higher for an individual mineral resource; or

▪ at least 150,000 ounces of gold at an average grade of 3 g/t Au or higher collectively for multiple mineral resources;

in respect of any area covered by a joint venture that the Group participates in. For the avoidance of doubt, the mineral resources may be distributed over multiple pits.

c) 100% of unvested performance rights will vest on a takeover bid under Chapter 6 of the Corporations Act which becomes unconditional.

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 the Unlisted Options are:

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
25-Nov-19	30-Nov-22	0.30	3 Years	0.19	111.62%	-	0.74%	11.25 cents

The model inputs for the Unlisted Performance Rights are:

Grant Date	Expiry Date	Exercise Price	Life of rights	Share price at grant date	Expected share price volatility	Dividend yield	Risk-free Interest rate	Fair value at grant date
25-Nov-19	20-Dec-24	nil	5 Years	0.19	111.62%	-	0.82%	19.0 cents

As per AASB 2.19 and 2.20, the non-market vesting conditions should be recognised by adjusting the number of Performance Rights based on the best available estimate of the number of Performance Rights that are expected to vest, according to the probability of meeting the vesting conditions.

As at the date of reporting, the management was of the opinion that each of the non-market based performance condition has not been met. Therefore, no value of the Performance Rights is estimated and provided in the financial statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 17 Share-based payment arrangements (continued)

Reconciliation of outstanding unlisted share options

The number and weighted average exercise prices (WAEP) of, and movements in, unlisted share options during the year are as follows:

	Number of options 2020	WAEP 2020	Number of options 2019	WAEP 2019
Outstanding at 1 July	8,650,000	$0.27	5,400,000	$0.27
Granted during the year	5,750,000	$0.30	3,250,000	$0.25
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	(5,400,000)	-	-	-
Outstanding at 30 June	**9,000,000**	**$0.28**	**8,650,000**	**$0.26**
Exercisable at 30 June	6,625,000	$0.25	5,400,000	$0.27

The options outstanding at 30 June 2020 have an exercise price in the range of $0.25 to $0.30 (2019: $0.25 to $0.30) and weighted average remaining contractual life of years 2.06 (2019: 1.17 years).

The weighted average share price at the date of exercise for share options exercised in 2020 was nil as no unlisted options were exercised (2019: nil).

Directors, employees and consultants' expenses

The expenses recognised for directors, employees and consultants during the year is shown in the following tables:

	2020 $	2019 $
Expenses arising from equity-settled share-based transaction	695,597	90,471
Total expenses arising from share-based payment transactions	**695,597**	**90,471**

Note 18 Group entities

	Country of Incorporation	Ownership interest 2020	Ownership interest 2019
Parent entity			
Venus Metals Corporation Limited			
Subsidiaries			
Yalgoo Iron Ore Ltd (1)	Australia	0%	100%
Redscope Enterprises Pty Ltd	Australia	100%	0%
Oz Youanmi Gold Pty Ltd	Australia	100%	100%

(1) This entity was converted from a private limited company to an unlisted public company on 25 July 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 19 Capital commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure as specified by Department of Mines and Petroleum.

	2020	2019
	$	$
Contracted for but not provided and payable		
Less than one year	741,569	632,865
Between one and five years	2,093,657	613,803
More than five years	280,522	-
	3,115,748	**1,246,668**

Note 20 Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks arising from financial instrument:

- credit risk
- liquidity risk
- market risk (interest rate risk and other price risk)

The note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishing and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies. The policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at end of the reporting period are as follows:

	Carrying amount	
	2020	2019
	$	$
Cash and cash equivalents	2,975,024	195,809
Trade and other receivables	1,142,095	98,875
Financial assets at fair value through profit or loss	5,368,039	840,000
	9,485,158	**1,134,684**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 20 Financial instruments (continued)

Trade and other receivables

The maximum exposure to credit risk for other receivables at the end of the reporting period by geographic region was as follows:

	Carrying amount	
	2020	**2019**
	$	**$**
Australia	1,142,095	98,875

Impairment losses

None of the Group's other receivables are past due (2019: nil).

Cash and cash equivalents

The Group held cash and cash equivalents of $2,975,024 at 30 June 2020 (2019: $195,809), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with a bank which is rated AA-, based on Standard and Poor's rating agency.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
30 June 2020							
Trade and other payables	604,296	(604,296)	(604,296)	-	-	-	-
Convertible note	-	-	-	-	-	-	-
Finance lease liability	-	-	-	-	-	-	-
	604,296	**(604,296)**	**(604,296)**	**-**	**-**	**-**	**-**
30 June 2019							
Trade and other payables	1,170,533	(1,170,533)	(1,170,533)	-	-	-	-
Convertible note	408,733	(408,733)	-	(408,733)	-	-	-
Finance lease liability	31,186	(31,186)	-	-	(31,186)	-	-
	1,610,452	**(1,610,452)**	**(1,170,533)**	**(408,733)**	**(31,186)**	**-**	**-**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 20 Financial instruments (continued)

Interest rate risk

Profile

At the end of the reporting period the interest rate profile of the Group's interest bearing financial instruments as reported to the management of the Group was as follows:

	2020 $	2019 $
Variable rate instruments		
Financial assets	8,343,063	1,035,809
Financial liabilities	-	(439,919)
	8,343,063	**595,890**

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the end of reporting period would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
	100bp Increase $	100bp decrease $	100bp increase $	100bp decrease $
30 June 2020				
Variable rate instruments	(83,431)	83,431	(83,431)	83,431
Cash flow sensitivity (net)	**(83,431)**	**83,431**	**(83,431)**	**83,431**
30 June 2019				
Variable rate instruments	(10,358)	10,358	(10,358)	10,358
Cash flow sensitivity (net)	**(10,358)**	**10,358**	**(10,358)**	**10,358**

Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk or foreign currency risk) for commodities.

The Group is also exposed to securities price risk on investments held for trading over the medium to longer terms. Such risk is managed through diversification of investments across industries and geographical locations.

The Group's investments are held in the following sectors at the end of the reporting period:

	2020 %	2019 %
Mining and minerals	8	100
Australian Treasury Bonds	92	-
	100	**100**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 20 Financial instruments (continued)

Fair values

Fair value versus carrying amounts
The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	30 June 2020		30 June 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Assets				
Cash and cash equivalents	2,975,024	2,975,024	195,809	195,809
Other receivables	1,142,095	1,142,095	98,875	98,875
Other financial assets	5,368,039	5,368,039	840,000	840,000
	9,485,158	**9,485,158**	**1,134,684**	**1,134,684**
Liabilities				
Trade and other payables	604,296	604,296	1,170,533	1,170,533
Finance lease liability	-	-	31,186	31,186
Convertible note	-	-	408,733	408,733
	604,296	**604,296**	**1,610,452**	**1,610,452**

Financial risk management objectives

The Group's corporate treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including fair value interest rate risk and price risk), credit risk and liquidity risk.

Note 21 Operating leases

Leases as lessee

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are payable as follows:

	2020	2019
	$	$
Less than one year	-	-
Between one and five years	-	-
More than five years	-	-
	-	-

The previous office lease at 28 The Esplanade, Perth expires on 30 June 2020. The Group prepaid the 6 months rental in advance till 30 June 2020.

The current office lease at Unit 2, 8 Alvan St, Subiaco WA commenced on 1 July 2020 for 3 years term at annual rent of $27,600, with an option for further 3 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 22 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.

Royalty payable under the Henderson Gold-Nickel Project's tenement:

On 9 April 2020, the Company entered into a joint venture agreement with Prospector on exploration tenement E20/520 on the following terms:

- 90% Company and 10% (free-carried interest) Prospector
- The 10% interest can be converted into 1% Net Smelter Royalty at mining stage, payable by the Company to the Prospector, at the election of the Prospector.

Guarantees

Guarantees given in respect of bank security bonds is nil (2019: nil), secured by cash deposits lodged as security with the bank.

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

Note 23 Joint venture

The Company has a 50% interest in the Yalgoo Iron Ore Joint Venture, an unincorporated joint venture whose principal activity is to jointly explore the tenements in Yalgoo, Western Australia with the other 50% joint venture holder, HD Mining & Investments Pty Ltd (HD Mining), for iron ore and if warranted, to develop an iron ore mining operation. The Company and HD Mining agree to fund the joint venture expenditure base on a jointly approved annual operating programs and budgets.

The following amounts are included in the Group's consolidated financial statements.

	2020 $	2019 $
Current assets	30,003	15,152
Current liabilities	14,756	20,919
Expenses for the year	103,297	94,342

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 24 Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2020 the parent entity of the Group was Venus Metals Corporation Limited.

	2020 $	2019 $
Result of parent entity		
Loss for the year	(1,199,076)	(2,151,886)
Other comprehensive income	-	-
Total comprehensive loss for the year	**(1,199,076)**	**(2,151,886)**

	2020 $	2019 $
Financial position of parent entity at year end		
Current assets	9,657,084	1,282,235
Non-current assets	7,554,380	7,360,708
Total assets	**17,211,464**	**8,642,943**
Current liabilities	6,827,153	4,446,700
Non-current liabilities	-	-
Total liabilities	**6,827,153**	**4,446,700**
Net assets	**10,384,311**	**4,196,243**
Total equity of the parent entity comprising of:		
Share capital	33,631,603	26,930,105
Convertible note equity portion	-	10,526
Reserves	4,348,172	3,652,000
Accumulated losses	(27,595,464)	(26,396,388)
Total equity	**10,384,311**	**4,196,243**

Parent entity contingencies

Other than those disclosed in Notes 19 and 22, the parent entity has no other guarantees, capital commitments and contingent liabilities as at 30 June 2020 (2019: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 25 Convertible loan

	2020 $	2019 $
Balance at the beginning of year	408,733	-
Placement of convertible note	-	400,000
Conversion [1]	(400,000)	-
Interest repayment	(19,259)	-
Adjustment to equity	10,526	(10,526)
Unwinding of financial costs	-	19,259
Balance at the end of year	**-**	**408,733**

[1] The Company issued 2,000,000 fully paid ordinary shares at an issue price of $0.20 each to repay the principal amount of the convertible loan. The interest payable was repaid by cash payment.

Note 26 Dividend payable

	2020 $	2019 $
Dividend payable	-	50,000

On 31 July 2019, the shareholders of the Company received unfranked dividend by way of an in-specie distribution of all the issued capital of its wholly owned subsidiary of unlisted public company, Yalgoo Iron Ore Limited.

Note 27 Financial assets at fair value through profit or loss

	2020 $	2019 $
Equity securities – available-for-sale [1]	420,000	840,000
Australian Treasury Bonds [2]	4,947,709	-
Share options in listed entity	330	-
	5,368,039	**840,000**

[1] The Company holds 35 million shares in eMetals Limited (ASX: EMT) at reporting date.

[2] The treasury bonds pay interest semi-annually with interest rate ranging from 4.25% to 5.75% annually.

The fair value of the equity securities and treasury bonds as at 30 June 2020 was based on the ASX quoted market value. These investments are a financial asset at fair value through profit or loss.

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- financial assets at fair value through profit or loss

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 27 Financial assets at fair value through profit or loss (continued)

Fair Value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach converts estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach reflects the current replacement cost of an asset at its current service capacity.

The following tables provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	30 June 2020			
	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Financial assets				
Financial assets at fair value through profit or loss:				
– Australian listed shares	420,000	-	-	420,000
– Australian Government treasury bonds	4,947,709	-	-	4,947,709
– Options - Listed	330	-	-	330
Total financial assets recognised at fair value on a recurring basis	**5,368,039**	**-**	**-**	**5,363,039**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 27 Financial assets at fair value through profit or loss (continued)

	30 June 2020			
	Level 1 $	Level 2 $	Level 3 $	Total $
Financial liabilities				
Convertible notes	-	-	-	-
Total financial liabilities recognised at fair value	**-**	**-**	**-**	**-**

	30 June 2019			
	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Financial assets				
Financial assets at fair value through profit or loss:				
Australian listed shares	840,000	-	-	840,000
Total financial assets recognised at fair value on a recurring basis	**840,000**	**-**	**-**	**840,000**
Financial liabilities				
Convertible notes		408,733	-	408,733
Total financial liabilities recognised at fair value	**-**	**408,733**	**-**	**408,733**

Note 28 Auditor's remuneration

	2020 $	2019 $
Audit services		
Auditors of the Group		
Stantons International		
Audit and review of financial statements	48,889	49,789

Note 29 Subsequent events

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.

DIRECTORS' DECLARATION

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

(a) The consolidated financial statements and notes, and the Remuneration Report in the Directors' Report are in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2020 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 financial year ended 30 June 2020.

3. The financial report also complies with International Financial Reporting Standards as disclosed in note 2(a) to the consolidated financial statements.

Signed in accordance with a resolution of the Directors.

Matthew Vernon Hogan
Managing Director

Perth, Western Australia
24 September 2020

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VENUS METALS CORPORATION LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Venus Metals Corporation Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
Carrying Value of Acquisition Costs Capitalised	
As disclosed in Note 11 to the consolidated financial statements, the carrying value of the capitalised acquisition costs as at 30 June 2020 was $3,390,027 (2019: $4,557,865). We identified the carrying value of capitalised acquisition costs as a key audit matter due to: • The significance of the expenditure capitalised representing 25% of total assets; • The necessity to assess management's application of the requirements of the accounting standard Exploration for and Evaluation of Mineral Resources ("AASB 6"), in light of any indicators of impairment that may be present; and • The assessment of significant judgements made by management in relation to the capitalised exploration and evaluation expenditure.	Inter alia, our audit procedures included the following: i. Assessing the Group's right to tenure over exploration assets by corroborating the ownership of the relevant licences for mineral resources to government registries and relevant third-party documentation; ii. Reviewing the directors' assessment of the carrying value of the capitalised exploration and evaluation costs, ensuring the veracity of the data presented and assessing management's consideration of potential impairment indicators, commodity prices and the stage of the Group's projects also against AASB 6; iii. Evaluating the Group's documents for consistency with the intentions for continuing exploration and evaluation activities in areas of interest and corroborated in discussions with management. The documents we evaluated included: ▪ Minutes of the board and management; and ▪ Announcements made by the Group to the Australian Securities Exchange; and iv. Assessing the requirements of accounting standard AASB 6 and adequacy of disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance opinion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 26 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Venus Metals Corporation Limited for the year ended 30 June 2020 complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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

Stantons International Audit and Consulting Pty Ltd

Samir Tirodkar
Director
West Perth, Western Australia
24 September 2020

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 17 September 2020.

1. Voting Rights

Ordinary Share

All issued ordinary shares carry voting rights on a one-for-one basis.

Unquoted Options:

There are no voting rights attached to unquoted options.

Unquoted Performance Rights:

There are no voting rights attached to unquoted performance rights

There are no other classes of equity securities.

2. Substantial Shareholders

Ordinary Shareholders	Fully paid ordinary shares Number	Percentage
Mr Christopher Ian Wallin	26,064,128	17.25%
Pazifik Pty Ltd	20,000,000	13.24%

3. Distribution of Holders of Ordinary Shares

Category	No of holders	No of ordinary shares	Percentage
1 – 1,000	195	31,793	0.02%
1,001 – 5,000	278	913,057	0.61%
5,001 – 10,000	227	1,941,311	1.28%
10,001 – 100,000	482	17,458,371	11.56%
100,001 and over	160	130,734,151	86.53%
Total	**1,342**	**151,078,683**	**100.00%**

The number of shareholders holding less than a marketable parcel of ordinary shares is nil.

ASX ADDITIONAL INFORMATION

4. Distribution of Holders of Unquoted Options

Category	No of holders	No of unquoted options	Percentage
1 – 1,000	0	0	0.00%
1,001 – 5,000	0	0	0.00%
5,001 – 10,000	0	0	0.00%
10,001 – 100,000	0	0	0.00%
100,001 and over	14	9,000,000	100.00%
Total	**14**	**9,000,000**	**100.00%**

5. Distribution of Holders of Unquoted Performance Rights

Category	No of holders	No of unquoted performance rights	Percentage
1 – 1,000	0	0	0.00%
1,001 – 5,000	0	0	0.00%
5,001 – 10,000	0	0	0.00%
10,001 – 100,000	0	0	0.00%
100,001 and over	4	7,500,000	100.00%
Total	**4**	**7,500,000**	**100.00%**

6. Twenty Largest Holders of Quoted Equity Securities

Name	Number	Percentage
Mr Christopher Ian Wallin & Ms Fiona Kay McLoughlin & Mrs Sylvia Fay Bhatia <Chris Wallin Super Fund A/c>	20,064,128	13.28%
Pazifik Pty Ltd <Pazifik A/c>	20,000,000	13.24%
Mr Lafras Luitingh	6,522,082	4.32%
Mr Christopher Ian Wallin	6,000,000	3.97%
Investment Holdings Pty Ltd <Investment Holdings Unit A/c>	5,000,000	3.31%
Mrs Wendy Carolyn Hogan	3,924,344	2.60%
BMP Gold Mines Pty Ltd <Beneficiary Account 2>	2,860,000	1.89%
TT Nicolls Pty Ltd <TT Nicholls P/L S/F A/c>	2,723,334	1.80%
BMP Gold Mines Pty Ltd <Beneficiary Account >	2,524,426	1.67%
Bazco Pty Ltd	2,250,000	1.46%
HD Mining & Investment Pty Ltd	2,000,000	1.32%
NDPM Pty Ltd <Morris Family Super Fund A/c>	1,967,332	1.30%
Mr Peter Piotr Mackow	1,812,962	1.20%
BNP Paribas Nominees Pty Ltd <IB Au Noms Retailclient Drp>	1,799,068	1.19%
Mrs Marisa Mackow	1,676,000	1.11%
Aurea Productions Pty Ltd <Japa No 2 A/c>	1,543,630	1.02%
Balthazar Pty Ltd (Balthazar P/L Exec S/F A/c>	1,475,000	0.98%
Oceanic Capital Pty Ltd	1,300,000	0.86%
Yafco Pty Ltd <3 Bears Super Fund No 1 A/c>	1,300,000	0.86%
Mr Christopher Arthur Mowbray	1,116,186	0.74%
Top 20 Total	**87,858,492**	**58.12%**

7. On-Market Buy-Back

There is currently no on-market-buy back.

ASX ADDITIONAL INFORMATION

8. Schedule of Tenements

LOCATION	TENEMENT	DATE OF GRANT	VENUS INTEREST
Yalgoo	R59/1	21/04/2016	50% interest in iron ore
			100% other minerals
Yalgoo	E59/1508	16/06/2009	50% interest in iron ore
			100% other minerals
Yalgoo	E59/2187	24/02/2017	50% interest in iron ore
			100% other minerals
Youanmi	E57/986	28/01/2015	90%
Youanmi	E57/985	31/03/2016	90%
Youanmi	P57/1365	05/11/2015	90%
Youanmi	P57/1366	05/11/2015	90%
Curran Wells	E57/1011	18/11/2015	90%
Youanmi	E57/983	04/02/2015	100%
Youanmi	E57/982	05/09/2016	100%
Youanmi	E57/1023	05/09/2016	100%
Youanmi South	E57/1078	13/06/2018	100%
Pincher Well	E57/1018	05/09/2016	100%
Pincher Well	E57/1019	20/10/2015	100%
Bellchambers/Sandstone	E57/981	05/09/2016	100%
Bellchambers/Sandstone	E57/984	17/03/2015	90%
DeGrussa North	E52/3068	05/01/2016	100%
DeGrussa North	E52/3486	15/05/2018	100%
Curara Well	E52/3069	10/02/2016	80%
Curara Well	E52/3488	15/05/2018	80%
Curara Well	E52/3489	15/05/2018	80%
Jenkin Well	E52/3487	10/02/2016	80%
Orient Well (Curara West)	E52/3320	20/12/2016	80%
Younami	E57/1103	28/05/2019	100%
Penny West East	E57/1128	18/02/2020	100%
Currans Find JV	M57/641	02/07/2018	45%
Pinchers JV	M57/642	02/07/2018	45%
Youanmi	M57/10	21/06/2019	30%*
Youanmi	M57/109	21/06/2019	30%*
Youanmi	M57/135	21/06/2019	30%*

8. Schedule of Tenements (continued)

LOCATION	TENEMENT	DATE OF GRANT	VENUS INTEREST
Youanmi	M57/160A	21/06/2019	30%*
Youanmi	M57/164	21/06/2019	30%*
Youanmi	M57/165	21/06/2019	30%*
Youanmi	M57/166	21/06/2019	30%*
Youanmi	M57/167	21/06/2019	30%*
Youanmi	M57/51	21/06/2019	30%*
Youanmi	M57/75	21/06/2019	30%*
Youanmi	M57/97	21/06/2019	30%*

* 70% co-owned with Rox Resources Limited

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