VENUS METALS
CORPORATION LIMITED

ASX Release: 29 January 2015 **ASX Code: VMC**

QUARTERLY REPORT

FOR PERIOD ENDING 31 DECEMBER 2014

Venus Metals Corporation Limited's (Venus) activities conducted during the quarter ending 31 December 2014 include:

- **Copper Hills Project:** Three HQ3 diamond drillholes were completed for 980.5m to test two prominent EM anomalies at two prospects namely PM and Black Forest (previously known as Gazza) (Figure 1) within Copper Hills Project. The most significant result was obtained at the Black Forrest Prospect where one diamond drillhole targeted a strong EM conductor. BFDDH01 has intersected flake graphite at shallow depth.

  10m @ 4.51% Graphitic Carbon (Cg) from 115m to 125m

- The intersection is part of a much larger graphite system with multiple ground EM targets for drill testing over an area of 2 km by 1 km. The evaluation of historical drilling (1991-2003) results confirms the presence of visual graphite intersections of up to 30% in numerous graphite layers within many drillholes at Black Forest. This indicates the **potential for a new graphite province in high grade metamorphic rocks of the Paterson Province.** Further evaluation of the Copper Hills project continues with the focus now being on graphite at Black Forest Prospect.

Please Direct Enquiries to:

Matthew Hogan
Managing Director
Ph: 08 9321 7541

Kumar Arunachalam
Executive Director
Ph: 08 9321 7541

VENUS METALS
CORPORATION LIMITED

INTRODUCTION

Venus currently has one granted Mining Lease, 4 granted Exploration Licences and 21 pending Exploration Licence Applications (ELAs) within Western Australia.

1. COPPER HILLS PROJECT

1.1 Project background

The Copper Hills tenement E 45/3541 of 221 sq km is located in metamorphic Proterozoic rocks of the Rudall Complex, a Proterozoic province that includes the world class Telfer, Nifty and Kintyre mineral deposits in the East Pilbara region of Western Australia. Recent geological mapping, sampling and airborne EM data evaluation has identified a major drill targets in PM and Black Forest (Gazza) Prospects. The drilling target at PM prospect was identified based on the combination of strong surface multi element mineralization, prominent shearing and alteration, and a strong EM conductor at depth.

1.2 December 2014 Quarter Exploration Work:

Three HQ3 diamond drillholes were completed for 980.5m (Table 1) to test two prominent EM anomalies at two prospects namely PM and Black Forest (previously known as Gazza) (Figure 1) within Copper Hills Project.

VENUS METALS
CORPORATION LIMITED

Table-1. Details of diamond drillhole collars at Copper Hills

Prospect	Hole ID (HQ Diamond drillhole)	Easting GDA94Z51 metres	Northing GDA94Z51 metres	RL metres	Dip degrees	Azimuth degrees	Total Depth metres
Black Forest	BFDDH01	517155	7461440	350.7	-60	225	191.5
PM	PMDDH01	521910	7464975	339.6	-60	44	390.1
PM	PMDDH04	522100	7465150	341	-60	224	398.9

PM Prospect: Two diamond drillholes PMDDH01 and PMDDH04 were drilled at PM Prospect in opposite directions (Table-1) targeting both AEM and ground FLEM anomalies at PM prospect (refer ASX release 30 September 2014). Drilling at the PM prospect successfully intersected the copper mineralized shear zone at depth in both holes. The targeted EM conductor has been shown to be a chlorite- graphitic - low sulphide zone with copper values of 0.64% over 2.6m (includes 1m @ 0.99% 151-152m) in PMDDH04 being the best assay result (ASX release 19 December 2014). The high Copper grades reported at surface are enriched zones that would appear to be of limited width and depth extent.

Black Forest Prospect: A diamond hole (BFDDH01) was drilled at Black Forest Prospect to a depth of 191.5m (Table 1) mainly targeting an FLEM anomaly (modelled by Core Geophysics as 223 Siemens conductive source at 67m depth and continue up to 1100m with a strike length of 700m). Multiple graphite intersections were visually recorded from BFDDH01 drill cores. The best graphite intersection was 10m wide (115-125m) downhole and this is currently interpreted to be close to true width. The core samples from 85.3m to 174.1m were sent to SGS Laboratory, Perth for multi-elements and total carbon analysis (ASX release 19 December 2014). The samples with high total carbon were analysed for graphitic carbon (Cg) and the significant assay results are furnished in Table 2.

VENUS METALS
CORPORATION LIMITED

Table 2. Assay results showing % Graphitic Carbon in BFDDH01

Depth From m	Depth To m	Total Carbon%	Graphitic Carbon (Cg) %
115	116	4.95	**4.14**
116	117.1	6.4	**5.63**
117.1	118	4.71	**4.21**
118	119	5.5	**5.06**
119	120	6.72	**6.15**
120	120.7	4.56	**3.78**
120.7	122	3.91	**3.29**
122	123	6.79	**5.9**
123	124.35	4.73	**2.72**
124.35	125	5.33	**4.17**
Average for 10m			**4.51%**

A recent geological re-evaluation of historical data in the Black Forest Prospect area has outlined several intersections of sulphidic graphite schists with up to 30% visual graphites[1 2 3] in several shallow RAB/RC drillholes (ASX release 19 December 2014). A historical Airborne EM and ground EM surveys conducted by CRAE/PNC Australia in 1990s defined five major bedrock conductors (BF1-BF5) at Black Forest.

BF3 and BF4 were reported as strong bedrock conductors (Figure 2) **which consist of graphite/sulphide layers** within the calc-silicate (tremolite) gneiss (Thevissen et al, 1991)[1].

The intersections of several encouraging widths and grades of graphite at shallow depth in both historical drillholes and BFDDH01 (Figure 3) indicates that Black Forest is part of a much larger graphite system with multiple ground EM targets for drill testing over an area of 2 km by 1 km.

Further evaluation of the Copper Hills project continues with the focus now being on graphite at Black Forest Prospect.

VENUS METALS
CORPORATION LIMITED

1.3 Planned March 2015 Quarter Exploration Work:

- Delineation of potential graphite targets for drilling at Black Forest Prospect and preparation on Programme of Work (PoW) application.

2. YOUANMI / SANDSTONE JV EXPLORATION LICENCE APPLICATIONS

The Company has continued the review of historical exploration data of known mineral occurrences within JV Exploration Licences ELA 57/984, ELA 57/985 and ELA 57/986 at the Sandstone/Youanmi areas:

• Vanadium	YOUANMI -	Vanadium Project
• Nickel / Copper Sulphides	YOUANMI -	Inky Prospect
• Gold	SANDSTONE -	Bellchambers Project

The Joint Venture ELA's are located adjacent to other existing Venus tenement applications. The Company awaits granting of Youanmi tenement ELA 57/986 (Vanadium Project and Inky Prospect) in early February 2015.

3. YALGOO IRON ORE PROJECT

3.1 Project background

Yalgoo Iron Ore Project 50% (YIOP) is centrally placed within the mid-west region of Western Australia's. A 2004 JORC compliant total Magnetite Mineral Resource of 698.1 Million Tonnes (being an Indicated Resource of 311.2 Mt and an Inferred Resource of 386.9 Mt) was estimated for YIOP (based on the drilling of 169 RC holes (29,977m) and 11 Diamond holes (3,088m) by Geological consultants Widenbar and Associates (WAA) (ASX Release: 26 August 2011).

VENUS METALS
CORPORATION LIMITED

3.2 December 2014 Quarter Exploration Work:

- Geological Consultants Widenbar and Associates (WAA) have carried out a field geological assessment at Yalgoo during December 2014.

3.3 Planned March 2015 Quarter Exploration Work:

- Preparation of expenditure exemption application for M59/742 due to current Iron ore market conditions with the aim of reducing expenditure commitments.

VENUS METALS
CORPORATION LIMITED

References

1) Thevissen J et al, 1991, "Rudall River Region 1990 Field Season Report CRAE/PNC JV Tenements", Volume 1-3. (WAMEX open file report A33704).

2) Promnitz S.C et al, 1993, "Surrender Report 1986-1992 for Canning Exploration Licenses, CRA Exploration Pty Ltd" (WAMEX open file report A38629).

3) Barwick et al,2004, "2003 Annual Report for The Oakover Project" (WAMEX open file report A67996).

Competent Person's Statement

The information in the report to which this statement is attached that relates to Exploration Targets, Exploration Results, Target Potential and Mineral Resources is based on information compiled by Mr Scott Raymond Bishop, who is a Member of the Australasian Institute of Mining and Metallurgy, is a Principal Consulting Geologist at Bishop Exploration Pty Ltd. Mr Bishop has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Bishop consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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.

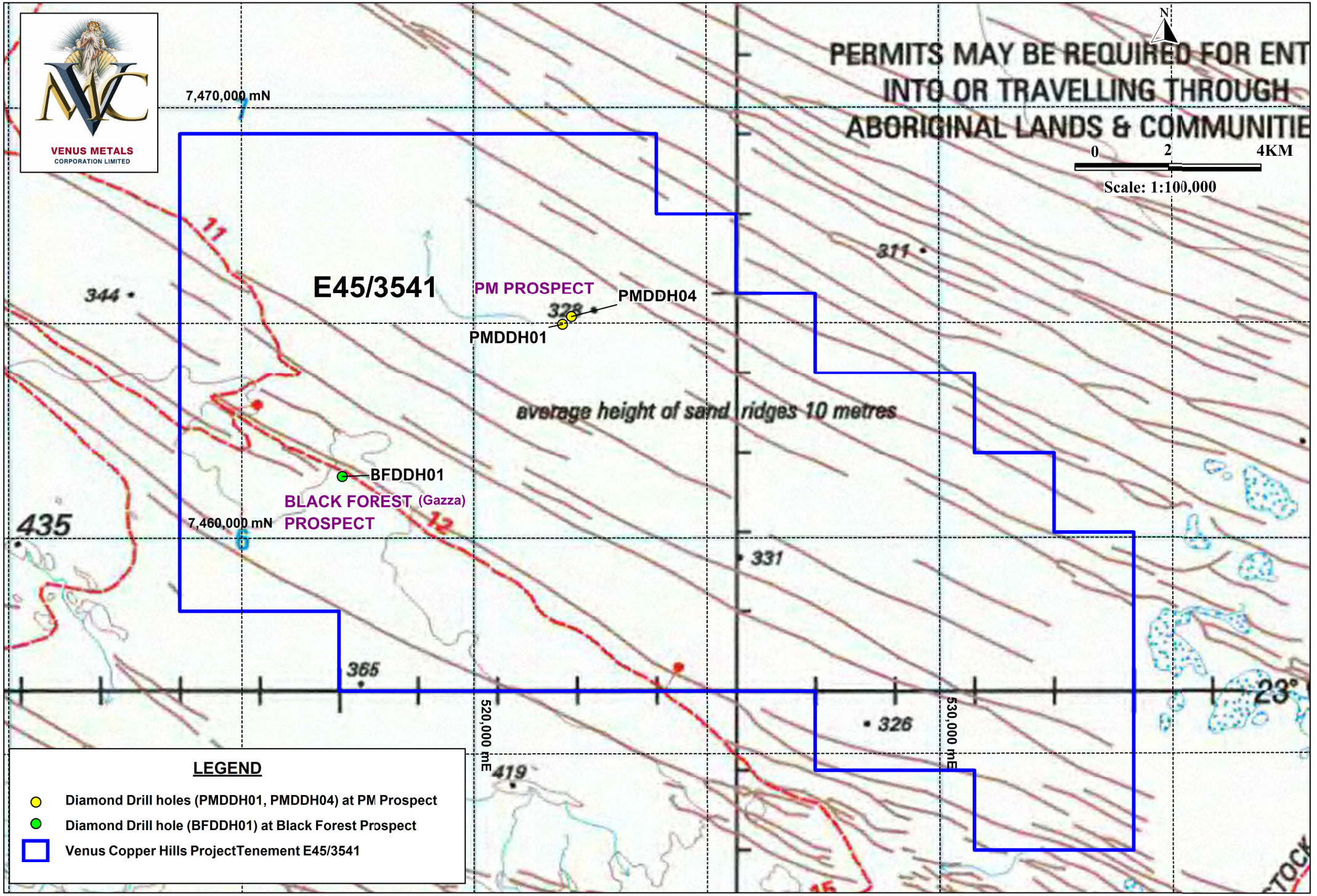

Figure 1. Location of Venus Diamond Drillholes at PM and Black Forest Prospects, Copper Hills Project

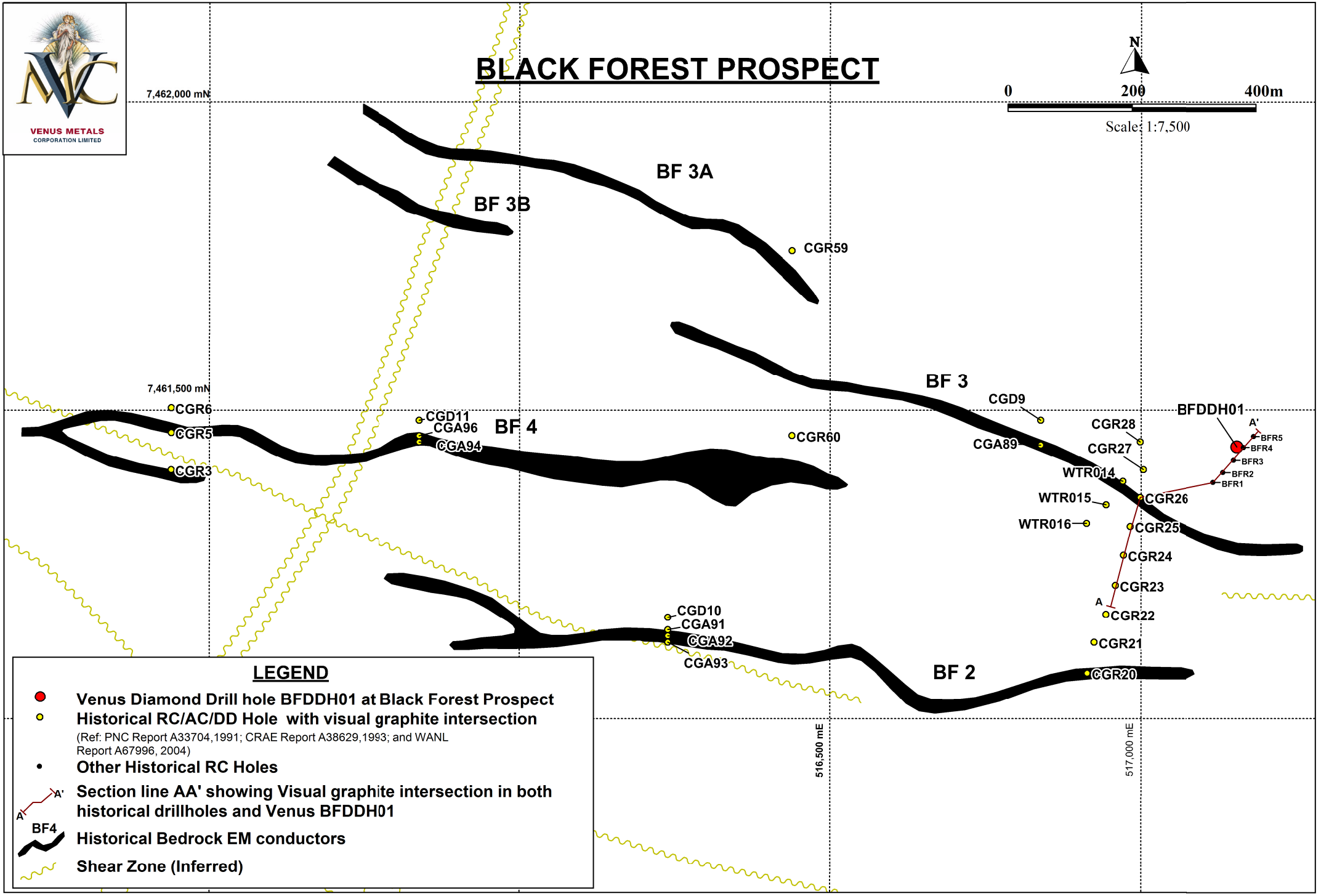

Figure 2. Location of Venus Diamond drillhole BFDDH01, Historical drillholes and Bedrock EM conductors at Black Forest Prospect, Copper Hills Project

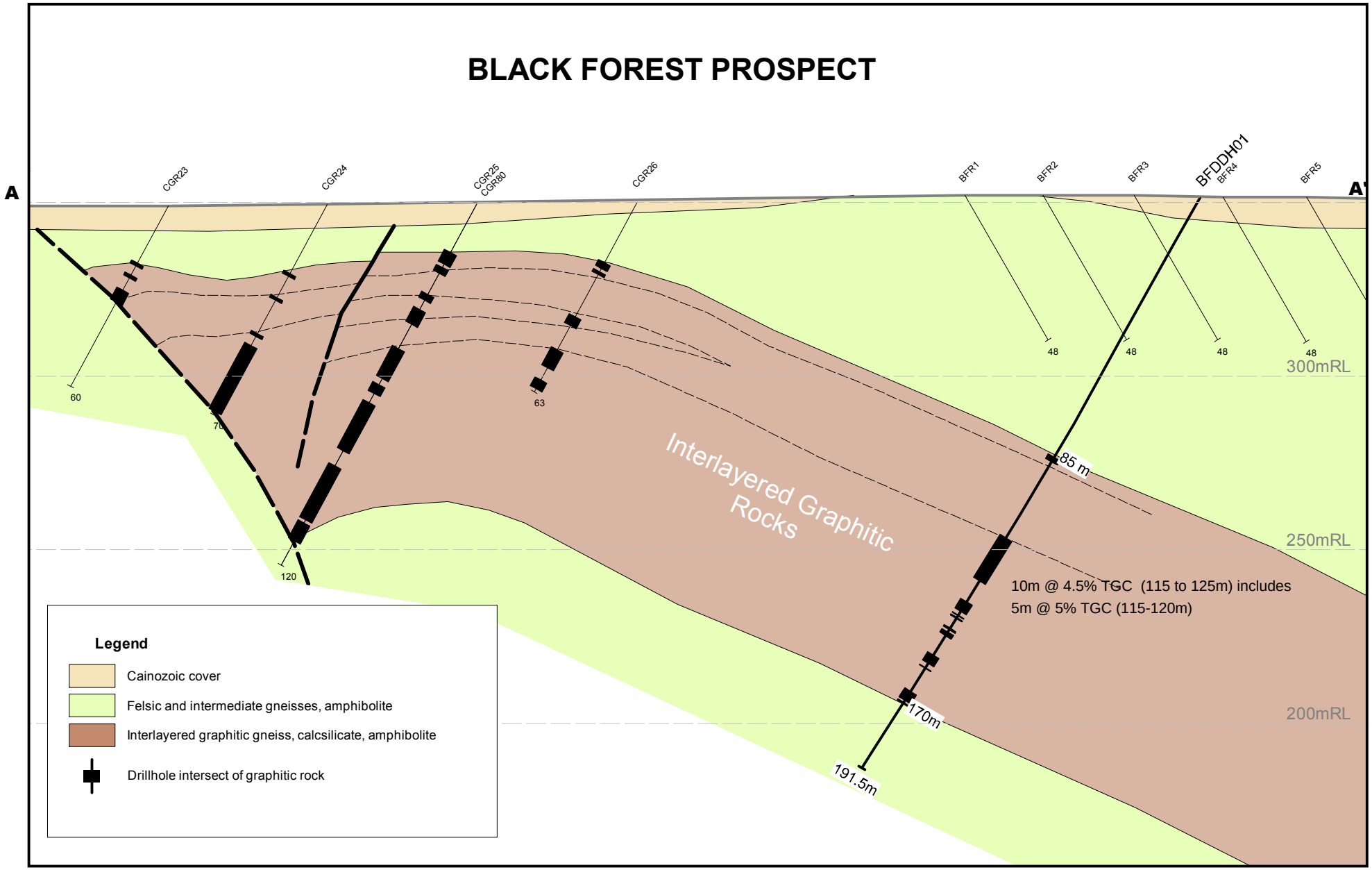

Figure 3.Cross section showing graphitic rock intersections in both historical drillholes and Venus Diamond drillhole BFDDH01 at Black Forest Prospect, Copper Hills

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

VENUS METALS CORPORATION LIMITED

ABN	Quarter ended ("current quarter")
99 123 250 582	**31 December 2014**

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (6 months) $A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(519)	(646)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(167)	(312)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	7	14
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	145	145
	Net Operating Cash Flows	**(534)**	**(799)**
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	**-**	**-**
1.13	Total operating and investing cash flows (carried forward)	(534)	(799)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(534)	(799)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	2	1,187
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	(5)	(77)
	Net financing cash flows	**(3)**	**1,110**
	Net increase (decrease) in cash held	**(537)**	**311**
1.20	Cash at beginning of quarter/year to date	1,584	736
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	**1,047**	**1,047**

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	115
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.23 Directors' salaries, fees and superannuation
1.7 Research & Development Tax Credit

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	100
4.2	Development	-
4.3	Production	-
4.4	Administration	40
	Total	**140**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	3	10
5.2	Deposits at call	1,044	1,574
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	**1,047**	**1,584**

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed		Refer Attachment		
6.2	Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	50,582,123	50,582,123	Fully Paid	Fully Paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** (*description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	25,291,061 400,000 62,500 62,500 200,000	25,291,061	Exercise price $0.20 $2.00 $0.20 $0.20 $0.20	Expiry date 30 November 2016 31 July 2015 30 November 2016 30 November 2016 30 November 2016
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				

+ See chapter 19 for defined terms.

7.12	**Unsecured notes** *(totals only)*				

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: _____ Date: 29/01/2015
(Company secretary)

Print name: Matthew Hogan

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

Details of Mining tenements at Quarter ended 31 December 2014			
(ASX Listing Rule 5.3.3)			
Tenement ID	**Project Location in WA**	**% of Interest at the beginning of quarter**	**% of Interest at the end of quarter**
M59/742	**Yalgoo**	**50% interest in Iron and 100% interest in other minerals**	**50% interest in Iron and 100% interest in other minerals**
E59/1508-I	**Yalgoo**		
E59/1611-I	**Yalgoo**		
E59/1552-I	**Yalgoo**		
E45/3541	**Copper Hills (Telfer)**	**100%**	**100%**
E59/1504-I	Yalgoo	50% interest in Iron and 100% interest in other minerals	0%
E59/1664-I	Yalgoo		
E59/1665-I	Yalgoo		
E59/1666-I	Yalgoo		
P59/1887	Yalgoo		
P59/1904	Yalgoo		
E59/1943	Yalgoo	100%	0%
E59/1983	Yalgoo	100%	0%