



ASX Release: 29 January 2016

ASX Code: VMC

QUARTERLY REPORT FOR PERIOD ENDING 31 DECEMBER 2015

Venus Metals Corporation Limited's (Venus) activities conducted during the quarter ending 31 December 2015 include:

- **Strategic Lithium-Tantalum Projects in WA:** The Company applied for exploration licence applications over four strategic lithium-tantalum project areas in Western Australia, the Pilgangoora Northeast and Stannum projects in the Pilbara, the Nardoo project in the Capricorn and the Poona Project in the Murchison of Western Australia. The Company has recently extended its tenement holdings in the Pilgangoora region, a recognised 'lithium hot spot'¹ covering an area of substantial pegmatite swarms².
- **Vidure Nickel-Copper Prospect, Youanmi Region:** Multiple untested EM conductors were identified at Vidure Nickel-Copper Prospect (E57/1011), Youanmi region from recent review and modelling of historic EM (Moving Loop EM, Fixed Loop EM and Down Hole EM) data by Southern Geoscience Consultants Pty Ltd (SGC).
- **Inky South Prospect, Youanmi Project:** Department of Mines and Petroleum awarded \$150,000 drilling grant for the Company's Inky-South Base Metals Prospect, Youanmi Project under WA Government Exploration Incentive Scheme Co-funded drilling Programme.

Please Direct Enquiries to:

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Kumar Arunachalam
Executive Director
Ph: 08 9321 7541



1. STRATEGIC LITHIUM-TANTALUM PROJECTS IN WA:

1.1 Project background

Venus Metals Corporation Limited ('Venus Metals') has made applications over four strategic lithium-tantalum project areas in Western Australia, the Pilgangoora Northeast and Stannum projects in the Pilbara, the Nardoo project in the Capricorn and the Poona Project in the Murchison of Western Australia.

1.1.1 Pilgangoora Northeast Lithium-Tantalum Project, Pilbara Region, WA.

The Pilgangoora Northeast Project (ELA 45/4630 & 4684) (Figure 1) now covers over 350 km² and is located 72 km to the southeast of Port Headland in the Pilbara region of Western Australia. The project is accessible via the Great Northern Highway then east along local formed roads and station tracks. The Pilgangoora Northeast Project lies to the northeast of Pilbara Minerals Pilgangoora project area which hosts a substantial lithium-tantalum resource.

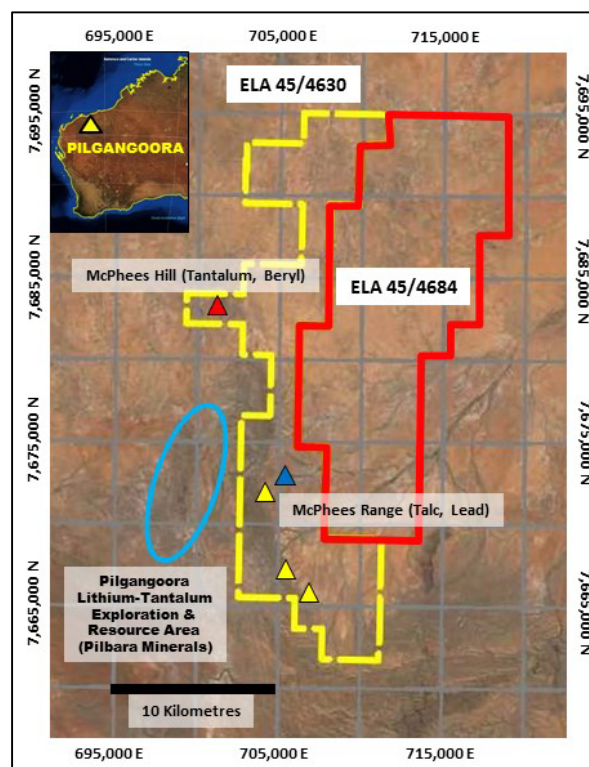
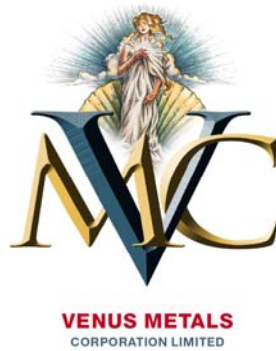


Figure 1 – Pilgangoora tenement application areas ELA 4630 (yellow) & ELA 4684 (red) with prospect locations over Google Earth Image



Venus Metals applied for the initial exploration license ELA 45/4630 in late 2015. The Company recently recognised that an area further to the east had **substantial pegmatitic* outcrop² in the form of northeast striking swarms and dykes and lies adjacent to the initial ELA.** The Company has recently extended its tenement holdings (E45/4684) in the Pilgangoora region, a recognised 'lithium hot spot'¹ covering an area of substantial pegmatite swarms² (refer ASX release 21 January 2016).

*Pegmatites are the host rock for lithium-tantalum mineralisation in the region.

1.1.2 Stannum Lithium-Tantalum Project, Pilbara Region.

The Stannum Project is composed of two tenements (ELA 45/4627 & PLA 45/3004) covering more than 100 km². The project is located 98 km to the south of Port Headland and is accessed via the Great Northern Highway, then west along local formed roads and station tracks.

The Stannum project lies on the southern extensions of the greenstone belt hosting the Wodgina Tantalum mine, 13 km to the north. The project area hosts a number of historical tin, tantalum and niobium occurrences including the Stannum & Mills Find North workings (Figure 2).

Venus believes the project to be highly prospective for lithium as well as tantalum, tin & niobium.

1.1.3 Nardoo Lithium-Tantalum Project, Pilbara Region

The Nardoo tenement (ELA 09/2156) covers over 131 km² and is located in the Capricorn region of Western Australia. The project is accessed from Gascoyne Junction by heading east to Dairy Creek, then heading north towards Cobra station. Yinnietharra station is located approximately 85 km north of Dairy Creek along the Cobra Station road; from Yinnietharra the Nardoo tenement can be accessed via station tracks(Figure 3).



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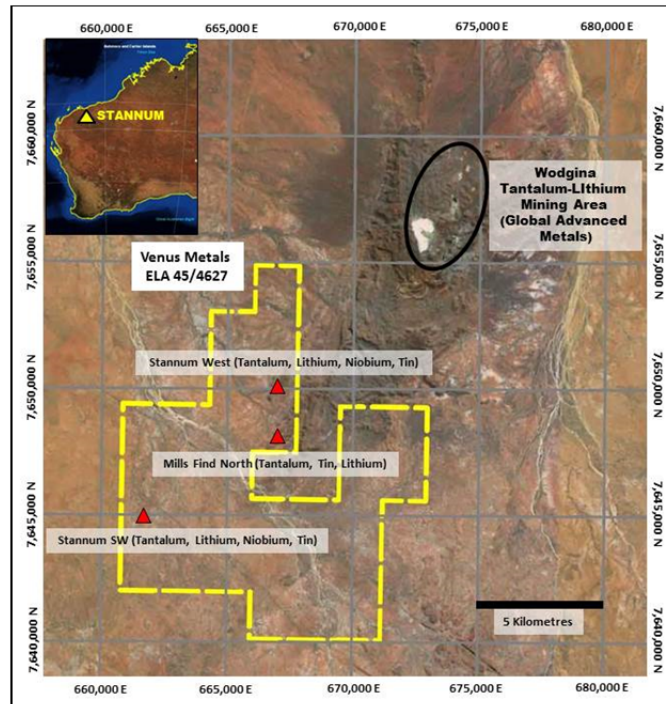


Figure 2. Stannum tenement application area (yellow) & prospect locations over Google Earth Image

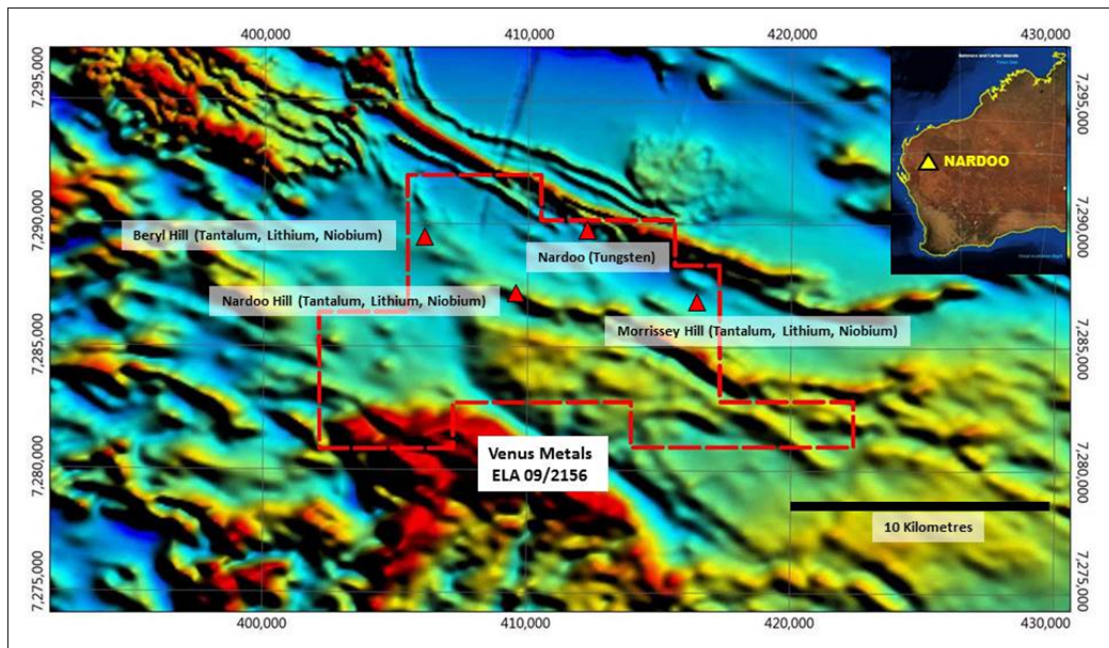


Figure 3. Nardoo tenement application area (red) & prospect locations over regional geophysics.



The Nardoo project overlies the historical Nardoo & Morrissey Hill workings, with over a tonne of tantalum having been produced from the area in the 20th century. The regional geology is a pelitic and gneissic terrain that has been extensively intruded by pegmatites, which host the tantalum-lithium mineralisation. The largest mapped pegmatite occurs at Nardoo Hill and is estimated to be flat lying, covering 1,000 metres of strike, more than 700 metres wide with a thickness of 'at least 30-60 metres'⁴. This target alone has the potential to produce a significant deposit of tantalum-lithium (Figure 3).

1.1.4 Poona Lithium Project, Murchison Region (90% VMC)

The Poona tenement (ELA 20/885) covers over 152 km² and is located in the Murchison Mineral Field, approximately 560 km to the north-northeast of Perth. The project is accessed via the Great Northern Highway to the town of Cue, then west along the Beringarra-Cue Rd on to the Kalli Rd and station tracks.

The Poona project has been explored for a range of metals, as well as emeralds in the pegmatites, since the early 1900s. Exploration has focussed predominantly on gold, whilst the area also shows the potential for nickel, tantalum, tin, niobium and lithium. The tenement overlies a number of known lithium and tantalum occurrences including Patons Lode and Poona Reward (Figure 4).

Historical rock chip sampling from the pegmatites north west of Poona Reward has returned highly anomalous results, including:

Sample 5521⁵	6,999,111 N/ 542,439 E	24.6% Ta₂O₅ & 46.7% Nb₂O₅
Sample P105⁶	6,999,165 N/ 542,700 E	1.46% Li₂O & 1.12% Rubidium
Sample P106⁶	6,999,169 N/ 542,703 E	1.61% Li₂O & 1.33% Rubidium

(refer ASX release 17 November 2015)



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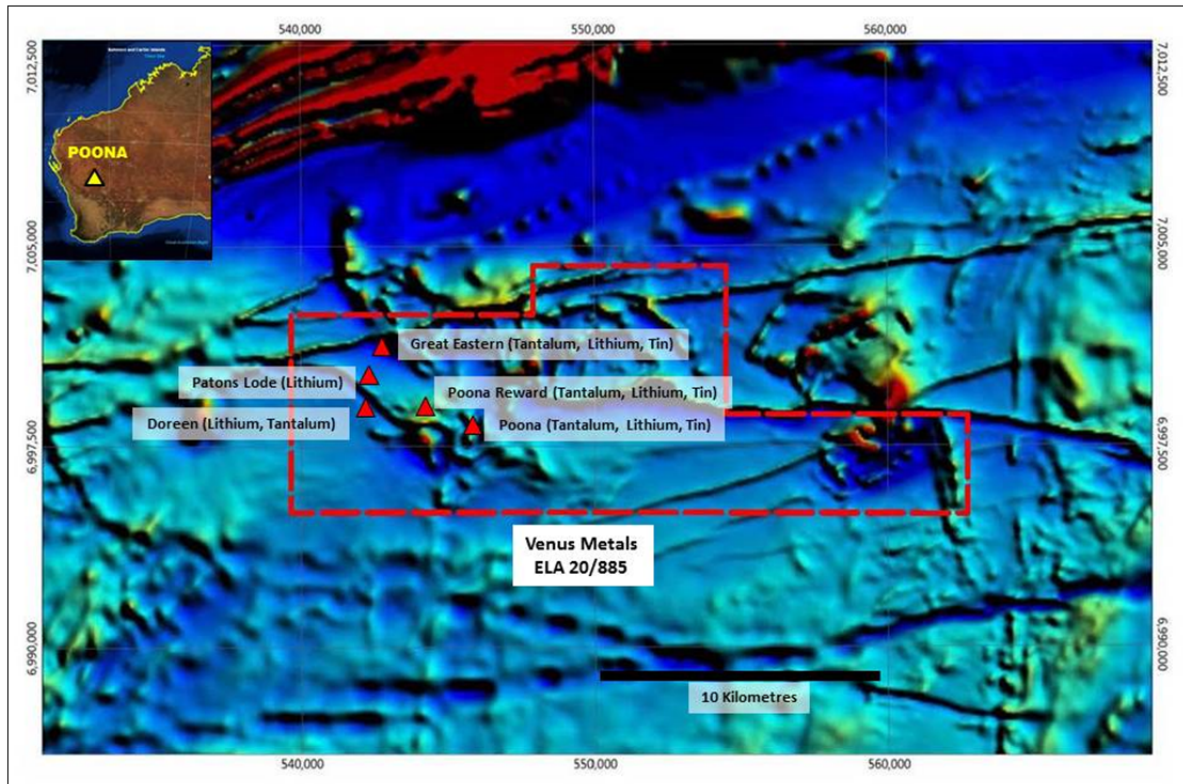


Figure 4. Poona tenement ELA20/885 area (red) & Prospect locations over regional geophysics

The four lithium-tantalum project ELAs cover, or are adjacent to, recognised lithium-tantalum mineralisation. Venus's Lithium-Tantalum projects area highly prospective for both lithium and tantalum. The Company is presently undertaking a detailed review of the historical exploration data to assist with guiding the forthcoming field reconnaissance exploration program.



2. VIDURE NICKEL-COPPER PROSPECT, YOUANMI PROJECT:

2.1 Project background

The Vidure prospect is located within recently granted Venus Currans Well Project (E57/1011) as part of wider Youanmi Region tenement holdings of VMC (Figure 1). The Youanmi area includes a variety of mineralisation styles and commodities including gold, silver, copper-zinc, titanium-vanadium and nickel-copper-PGEs. The Vidure prospect was identified as a Ni-Cu-PGE geochemical anomaly located on the southern margin of the Youanmi layered mafic intrusive.

Mineralisation was first detected in drill-hole **MYDD004**⁷ (WMC 1973) with a 1.22m intersection of massive sulphides **(2.2% Ni and 0.14% Cu from 136.64m)**. BHP followed-up in 1985 with another hole collared at a nearby location **(PW0076**⁸ **- 7.06 metres @ 1.46% Copper, 0.36% Nickel & 5 gpt Silver from 120.5 metres including 0.71 metres @ 7.01% Copper. 0.80% Nickel & 21 gpt Silver from 122.35 metres)** (refer ASX release 2 November 2015).

Venus commissioned Southern Geoscience Consultants Pty Ltd (SGC) to review and conduct plate modelling of both historical Surface EM (Fixed Loop) and Downhole EM survey data of Vidure Ni-Cu-PGE prospect. A programme of reconnaissance ground moving in-loop EM (MLEM) was undertaken in 2002 and 2003 by Valdera and Ellendale Resources^{11&12}. These surveys covered the Vidure and surrounding prospects (Figure 5). The FLEM data from TX Loop3 and 4 along with the DHEM data from CNRC003⁹ and CNRC004⁹ have been modelled using Maxwell software.



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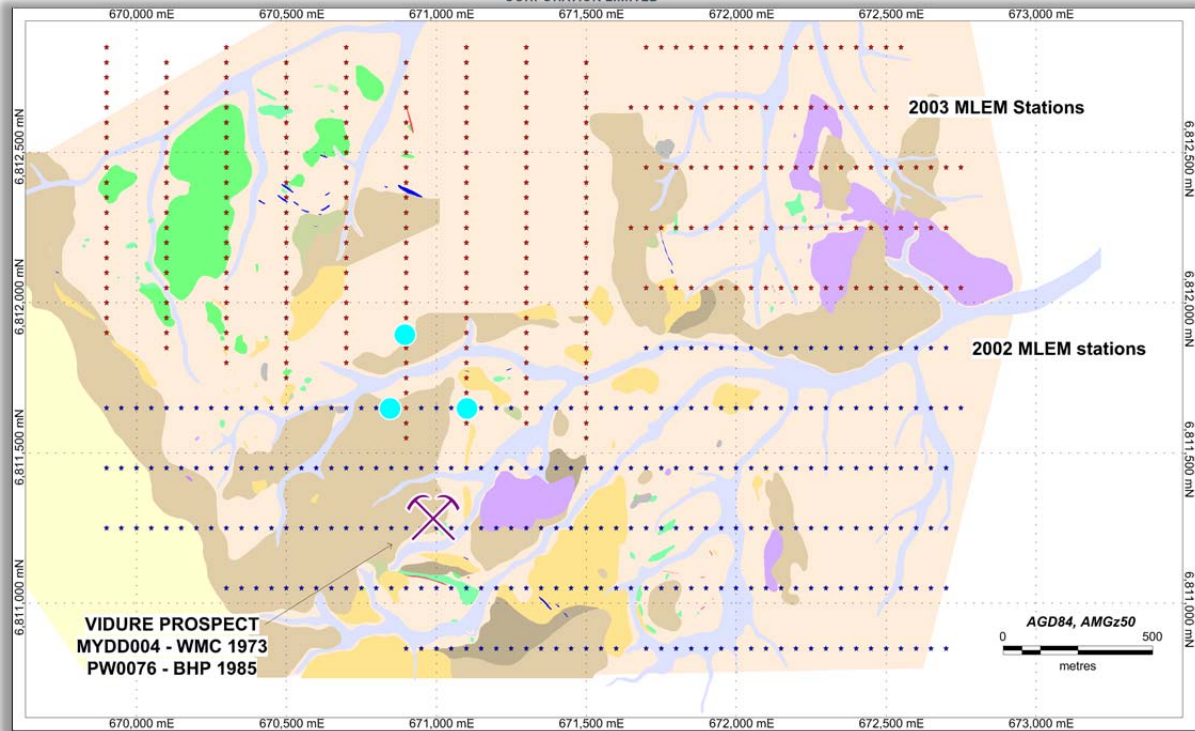


Figure 5. MLEM coverage from the 2002 (blue) and 2003 (red) ground TEM surveys over the Currans Well Project

The anomalies observed on lines 6811250mN and 6811450mN show a single strong response from a shallow east dipping conductor. The profile from line 6811450mN possibly shows two separate conductors, the response is weaker and may indicate the conductors are off-line. Follow-up FLEM surveys were conducted over the Vidure prospect in 2002 and to the north of Vidure in 2003. The FLTEM was used to detail the anomalies and aid drill targeting. A compilation of the historic drilling over and around Vidure is shown below in Figure 6 in relation to the FLTEM data for TX Loop 3 (refer ASX release 11 December 2015).



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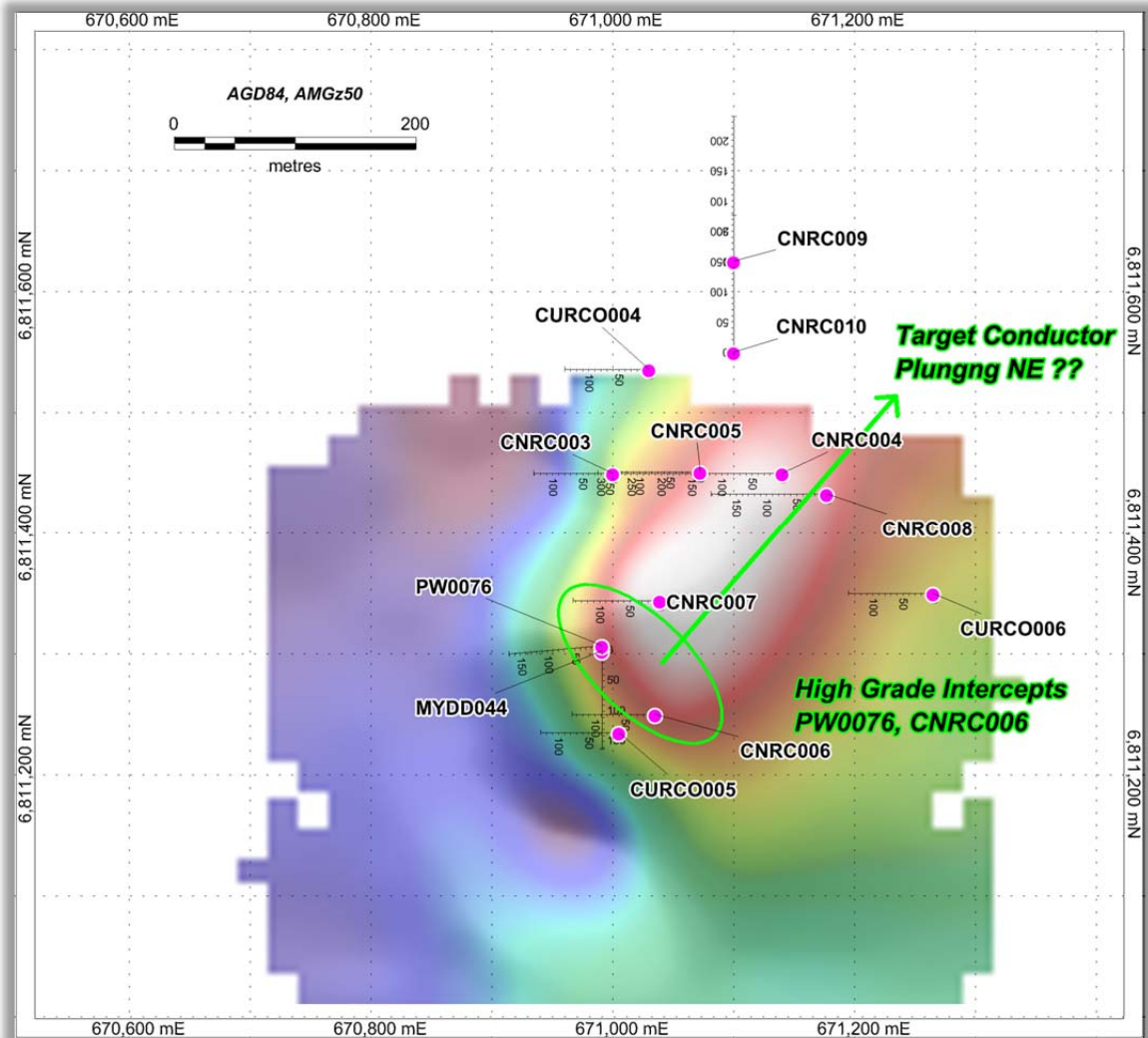
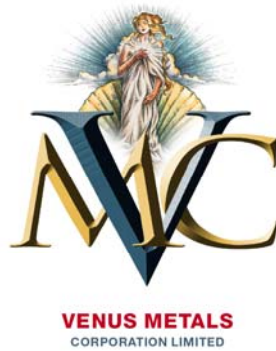


Figure 6. Location of historical drillholes at Vidure Prospect shown on Z component EM channel 25 amplitude from FLEM TX loop 3.

Strong anomalies are observed on TX loops 3 and 4 between 6811250mN and 6811450mN that coincide with the MLEM anomaly observed over Vidure. The FLEM modelling of data from TX Loop 4 results in a single plate model with 275m strike and 100m width, dipping at 30 degrees to the east, and with a conductance of 4000 Siemens.



The loop 4 anomaly is well defined, the data quality good and it has produced a good target for drill testing. Only one drill hole (PW0076) has partially intersected this plate model. MYDD044 comes very close to the south edge of the model and CNRC003 has intersected the northern edge of the model. All other holes are too shallow to intersect the target.

Anomalies detected in loop 3 have been modelled with two conductors, the conductance values from modelling ranges between **1000 Siemens (deep conductor 250m strike length x 250m width)** and **6000 Siemens (shallow conductor 250m strike length x 100m width)**. The modelling is not as well constrained for Loop 3 and modern high powered EM surveying would improve drill targeting.

Downhole EM Modelling:

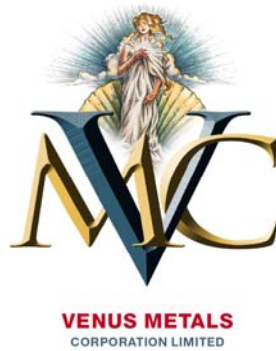
Modelling has been completed for the in-hole response observed in CNRC003 and the dominant off-hole response observed in CNRC004. **The EM response observed in drillhole CNRC003 is very strong with the modelled plate have a conductance of 9000 Siemens, dip of 16 degrees to the east and a strike of 150m and width of 60m.** The main off-hole conductor at 145m DH in CNRC004 has been modelled as a moderately east dipping plate that is positioned to the north of the drill-hole. This represents a 'near-miss' for this hole as the conductor appears to be merely metres from the hole (refer ASX release 11 December 2015).

3. YOUANMI BASE METALS PROJECT

INKY SOUTH PROSPECT

3.1 Project background

Venus Metals Corporation Ltd ('Venus') tenements (E 57/983 & 986) are located 600km NNE of Perth and form part of the company's Youanmi base & precious metals project in Youanmi greenstone belt in Western Australia.



The Inky South EM target was identified from historical Downhole EM ('DHEM') survey which has shown a strong off-hole conductor (15,660-26,225 Siemens) below diamond drillhole SYMD007 remains untested. A conductor of this strength is consistent with the expected response from massive sulphide mineralisation and strongly resembles the exhalative sequence observed at the Manindi VMS deposit to the north. DHEM shows the target to potentially extend over several hundred metres of strike (ASX release 15 July 2015).

3.2 December 2015 Quarter Exploration work:

- Department of Mines and Petroleum awarded a \$150,000 drilling grant for the Inky South Base Metals Prospect, Youanmi Project under WA Government Exploration Incentive Scheme Co-funded Exploration Drilling Programme (ASX Release 4 December 2015).

4. BLACK FOREST GRAPHITE PROSPECT - COPPER HILLS PROJECT

4.1 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.

A diamond hole (BFDDH01) was drilled to a depth of 191.5m. Multiple graphite intersections were visually recorded from BFDDH01 drill cores. The best graphite intersection was 10m wide (115-125m) downhole and this is interpreted to be close to true width. 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 (refer ASX release 19 December 2014).

4.2 December 2015 Quarter Exploration Work:

- Review of historical and recent drillhole data and IP & EM data
- Preparation of geological cross sections to delineate the potential target areas

References

1. Lithium Australia NL (ASX: LIT), ASX Announcement, 14 January 2016.
2. VAN KRANENDONK, M. J., 2004, Carlindie, W.A. Sheet 2756: Western Australia Geological Survey, 1:100,000 Geological Series.
3. Lithium – The Future is Electric, Citi Research, 16 October 2015.
4. An Evaluation of the Rare Metal Potential of Pegmatites at the Pilgangoora, Paynes Find, Yinnietharra, Wodgina, The Fence, Lalla Rookh, Tabba Tabba and Strelley Prospects, WA, Pancontinental Mining Ltd, 1983 (A19207, WA DMP Wamex Open File Report)
5. Poona Project, Annual Technical Report, Poona Mining PL, 1997. (A51567, WA DMP Wamex Open File Report)
6. Aga Khan/ Poona Project, Information Memorandum, Legendre & Associates, April, 2015.
7. WAMEX Report No A5392, Western Mining Corporation, Youangarra Annual Report, 1973.
8. WAMEX Report No A19317, BHP Minerals Ltd, Pincher Well Annual Report, 1985.
9. WAMEX Report No A74866, Ellendale Resources NL, Currans Well Annual Report, 2006.
10. WAMEX Report No A78024, Ellendale Resources NL, Currans Well Annual Report, 2007.
11. WAMEX Report No A66124, Valdera Resources, Currans Well Annual Report, 2002
12. WAMEX Report No A68745, Ellendale Resources NL, Currans Well Annual Report, 2003.



Competent Person Declaration:

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr T. Putt of Exploration & Mining Information Systems, who is a member of The Australian Institute of Geoscientists. Mr Putt 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 "Australian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Mr Putt 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.

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

99 123 250 582

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

		Current quarter \$A'ooo	Year to date (6 months) \$A'ooo
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(120)	(308)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(224)	(451)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	3	38
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	218	218
Net Operating Cash Flows		(123)	(503)
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)	(123)	(503)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(123)	(503)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(123)	(503)
1.20	Cash at beginning of quarter/year to date	354	734
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	231	231

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	111
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

+ See chapter 19 for defined terms.

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	(50)
Estimated cash inflows via tenement application refunds, proceeds from Yalgoo Iron Ore joint venture partner, sale of plant and equipment and exercise of listed 20 cents options.	150
4.2 Development	-
4.3 Production	-
4.4 Administration	(80)
Total- Estimated Net Cash Increase	20

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	9	9
5.2 Deposits at call	222	345
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	231	354

+ See chapter 19 for defined terms.

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 <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	56,867,123	56,867,123	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 <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	32,291,061 62,500 62,500 200,000 650,000 650,000 300,000 600,000	32,291,061	Exercise price \$0.20 \$0.20 \$0.20 \$0.20 \$0.20 \$0.20 \$0.30 \$0.60	Expiry date 30 November 2016 30 November 2016 30 November 2016 30 November 2016 30 November 2016 30 November 2016 30 November 2016 30 November 2016
7.8	Issued during quarter				

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
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: _____
(Company secretary)

Date: 29/01/2016

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.

+ See chapter 19 for defined terms.

- 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.

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Details of Mining tenements at Quarter ended 31 December 2015			
(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		
E45/3541	Copper Hills (Telfer)	100%	100%
E57/983	Youanmi	100%	100%
E57/986	Youanmi	90%	90%
P57/1260	Youanmi	90%	90%
E57/984	Bellchambers/Sandstone	90%	90%
E57/965	Sandstone	100%	100%
E57/1011-I	Currans Well	0%	90%
P57/1365	Youanmi	0%	90%
P57/1366	Youanmi	0%	90%
E57/1019-I	Pincher Well	0%	100%