



Venus Metals Corporation Limited

ABN 99 123 250 582

HALF-YEAR FINANCIAL REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

VENUS METALS CORPORATION LIMITED

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VENUS METALS CORPORATION LIMITED

CORPORATE INFORMATION

Directors

Matthew Vernon Hogan	-Non Executive Chairman & Director (AGM 29.11.2017)
Selvakumar Arunachalam	-Chief Executive Officer & Executive Director
Terence William Hogan OAM	-Non Executive Director

Group Secretary

Dean William Calder

Registered Office & Principal Place of Business

Mezzanine Level
BGC Centre
28 The Esplanade
PERTH WA 6000

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Solicitors

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

Auditors

Stantons International
Level 2, 1 Walker Avenue
WEST PERTH WA 6005

Share Registry

Security Transfer Australia Pty Ltd
Suite 1, 770 Canning Highway
APPLECROSS WA 6153

Australian Securities Exchange

Level 40, Central Park
152-158 St George's Terrace
PERTH WA 6000

ASX Code: VMC

Website

www.venusmetals.com.au

VENUS METALS CORPORATION LIMITED

DIRECTORS' REPORT

Your Directors present their report for the half-year ended 31 December 2017.

DIRECTORS

The names of Directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Mr Matthew Vernon Hogan
Mr Selvakumar Arunachalam
Mr Terence William Hogan OAM

RESULT OF OPERATIONS

The net loss of the Group for the six months to 31 December 2017 is \$766,807 (31 December 2016: \$1,074,228).

REVIEW OF OPERATIONS

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There are no significant changes that have occurred in the state of affairs of the Group during the half year.

SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Group, to affect significantly the Group's operations, the results of those operations, or the state of affairs of the Group, in future financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration for the half year ended 31 December 2017 as required under Section 307C of the *Corporations Act 2001* is set out on page 13.

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



SELVAKUMAR ARUNACHALAM
Executive Director

Perth, 15 March 2018

VENUS METALS CORPORATION LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	6 months to 31 Dec 17 \$	6 months to 31 Dec 16 \$
Revenue	2	16,669	4,050
Administration expense		(447,885)	(478,348)
Exploration expense		(307,387)	(482,603)
Depreciation and amortisation expense		(3,494)	(9,142)
Research and development		-	(50,000)
Change in Market Value of Shares		(6,000)	-
Interest expense		(226)	(137)
Share based payments		(18,484)	(58,048)
Loss before income taxes		(766,807)	(1,074,228)
Income tax benefit		-	-
Loss for the half year		(766,807)	(1,074,228)
Other comprehensive income		-	-
Income tax on other comprehensive income		-	-
Total other comprehensive income		-	-
Total comprehensive loss for the period		(766,807)	(1,074,228)
Net loss attributable to:			
Owners of the Group		(766,807)	(1,074,228)
Non-controlling interests		-	-
Net loss for the period		(766,807)	(1,074,228)
Total comprehensive loss attributable to:			
Owners of the Group		(766,807)	(1,074,228)
Non-controlling interests		-	-
Total comprehensive loss for the period		(766,807)	(1,074,228)
Earnings per share			
Basic loss per share		(0.010)	(0.017)
Diluted loss per share		(0.010)	(0.017)

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

VENUS METALS CORPORATION LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	As at 31 Dec 17 \$	As at 30 Jun 17 \$
CURRENT ASSETS			
Cash and cash equivalents	3	803,830	537,725
Trade and other receivables	4	34,866	53,306
Prepayments		76,222	78,055
TOTAL CURRENT ASSETS		914,918	669,086
NON-CURRENT ASSETS			
Property, plant and equipment		44,417	48,170
Acquisition costs capitalised		1,361,770	1,361,770
Other non-current financial assets	5	26,100	-
TOTAL NON-CURRENT ASSETS		1,432,287	1,409,940
TOTAL ASSETS		2,347,205	2,079,026
CURRENT LIABILITIES			
Trade and other payables		157,437	263,409
Employee benefits		8,750	8,077
Other current liabilities		23,620	28,228
TOTAL CURRENT LIABILITIES		189,807	299,714
TOTAL LIABILITIES		189,807	299,714
NET ASSETS		2,157,398	1,779,312
EQUITY			
Issued capital	6	21,820,022	21,191,162
Reserves	6	3,561,204	3,045,171
Accumulated losses		(23,223,828)	(22,457,021)
TOTAL EQUITY		2,157,398	1,779,312

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

VENUS METALS CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Share Capital	Share Options Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
As at 1 July 2017	21,191,162	3,045,171	(22,457,021)	1,779,312
Total comprehensive income for the period				
Loss for the period	-	-	(766,807)	(766,807)
<i>Other comprehensive income</i>				
Total other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(766,807)	(766,807)
Transactions with owners recorded directly into equity				
<i>Contributions by and distributions to owners</i>				
Issue of ordinary shares net of capital raising costs	680,000	-	-	680,000
Issue of options as share based payments	-	18,484	-	18,484
Issue of options under rights issue to shareholders	-	511,653	-	511,653
Transaction cost in relation to issue of options	(51,140)	(14,104)	-	(65,244)
Balance at 31 December 2017	21,820,022	3,561,204	(23,223,828)	2,157,398
	Share Capital	Share Options Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
As at 1 July 2016	20,056,778	2,807,982	(20,615,221)	2,249,539
Total comprehensive income for the period				
Loss for the period	-	-	(1,074,228)	(1,074,228)
<i>Other comprehensive income</i>				
Total other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(1,074,228)	(1,074,228)
Transactions with owners recorded directly into equity				
<i>Contributions by and distributions to owners</i>				
Issue of ordinary shares net of capital raising costs	1,111,740	-	-	1,111,740
Issue of options as share based payments	-	133,184	-	133,184
Transaction cost in relation to issue of options	-	(72,518)	-	(72,518)
Balance at 31 December 2016	21,168,518	2,868,648	(21,689,449)	2,347,717

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

VENUS METALS CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

		6 months to 31 Dec 17 \$	6 months to 31 Dec 16 \$
	Note		
Cash flows from operating activities			
Interest received		1,641	4,050
Government grant	2	15,028	-
Payments to suppliers and employees		(516,967)	(573,174)
Exploration expenditure		(325,432)	(468,340)
Interest paid		(226)	(137)
Net cash flows (used in) operating activities		(825,956)	(1,037,601)
Cash flows from investing activities			
Acquisition of Plant and Equipment		(4,348)	-
Acquisition of listed investment		(30,000)	(49,500)
Net cash flows (used in) investing activities		(34,348)	(49,500)
Cash flows from financing activities			
Proceeds from issue of options	6(c)	497,549	2,619
Proceeds from issue of shares net of capital raising cost	6(a)	628,860	1,111,740
Net cash flows from financing activities		1,126,409	1,114,359
Net increase in cash and cash equivalents		266,105	27,258
Cash and cash equivalents at beginning of financial period		537,725	954,187
Cash and cash equivalents at end of financial period	3	803,830	981,445

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

VENUS METALS CORPORATION LIMITED

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Note 1: Summary of Significant Accounting Policies

a) Basis of Preparation

Reporting entity

Venus Metals Corporation Limited (the "Group") is a Group domiciled in Australia. The financial statements of the Group for the half-year ended 31 December 2017 comprise the Group. The Group primarily is involved in exploration for base metals, diamonds, gold and other minerals.

The annual financial report of the Group for the year ended 30 June 2017 is available upon request from the Group's registered office at Level M, 28 The Esplanade, Perth 6000, Western Australia or from the Group's website at www.venusmetals.com.au.

Statement of compliance

The financial statements are prepared on a going concern basis in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. The Board considers that the Group has sufficient cash resources to meet all operating costs for at least the next twelve months from the date of this report.

It is recommended that the half-year financial statements be read in conjunction with the annual report for the year ended 30 June 2017 and considered with any public announcements made by the Group during the half-year ended 31 December 2017 in accordance with continuous disclosure obligations of the ASX Listing Rules.

The half-year financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2017.

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

Going concern

The financial report has been prepared on a going concern basis that contemplates the continuity of normal business activities and the realisation and extinguishment of liabilities in the ordinary course of business. For the half year ended 31 December 2017 the Group incurred a loss of \$766,807 (31 December 2016: loss \$1,074,228) and had working capital of \$725,111 (30 June 2017: \$369,372). Based upon the Group's existing cash resources of \$803,830 (30 June 2017: \$537,725), the ability to modify expenditure outlays if required, and to source additional funds, the Directors consider there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, and therefore the going concern basis of preparation is considered to be appropriate for the Group's 31 December 2017 half year financial report. The Board of Directors is aware of the Group's working capital requirements and the need to access additional equity funding or asset divestment if required within the next 12 months. In the event that the Group is not able to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and perhaps at amounts different to those stated in its financial report.

VENUS METALS CORPORATION LIMITED

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Note 1: Summary of Significant Accounting Policies (continued)

a) Basis of Preparation (continued)

The accounting policies applied by the Group in this financial statements are consistent with those applied by the Group in its annual financial report for the year ended 30 June 2017.

b) Accounting policies

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

Note 2: Revenue

	6 months to 31 Dec 17 \$	6 months to 31 Dec 16 \$
Interest income	1,641	4,050
Government grant	15,028	-
	<u>16,669</u>	<u>4,050</u>

Note 3: Cash and cash equivalents

	31 Dec 17 \$	30 June 17 \$
Cash at bank and on hand	803,830	537,725
	<u>803,830</u>	<u>537,725</u>

Note 4: Trade and other receivables

	31 Dec 17 \$	30 June 17 \$
Receivables from joint venture	9,718	-
Other receivables	25,148	53,306
	<u>34,866</u>	<u>53,306</u>

There are no trade receivables that are considered past due. Receivables from joint venture partner are non-interest bearing and are on 14 day term. They are neither past due nor impaired.

VENUS METALS CORPORATION LIMITED

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Note 5: Investments

	31 Dec 17	30 June 17
	\$	\$
Opening balance	-	-
Purchases	32,100	-
Change in market value	(6,000)	-
Closing balance	<u>26,100</u>	<u>-</u>

The investment in shares above are accounted for using fair value through profit and loss.

Note 6: Issued capital and reserve

(a) Ordinary shares

	31 Dec 17	30 Jun 17
	\$	\$
At the beginning of reporting period	21,191,162	20,056,778
Issued during the period	680,000	1,252,614
Transaction costs relating to share issues	(51,140)	(118,230)
	<u>21,820,022</u>	<u>21,191,162</u>

(b) Ordinary shares

	31 Dec 17	30 Jun 17
	No.	No.
At the beginning of reporting period	69,964,693	61,626,623
Shares issued during the period	6,800,000	8,338,070
At reporting date	<u>76,764,693</u>	<u>69,964,693</u>

(c) Options

	31 Dec 17	30 Jun 17
	\$	\$
At the beginning of reporting period	3,045,171	2,807,982
Share-based payment transactions	18,484	94,262
Capital raising costs	(14,104)	-
Issued during the period	511,653	142,927
	<u>3,561,204</u>	<u>3,045,171</u>

(d) Options

	31 Dec 17	30 Jun 17
	No.	No.
At the beginning of reporting period	36,849,491	34,056,561
Issued during the period	25,588,231	36,849,491
Exercised during the period	-	(38,070)
Lapsed during the year	-	(34,018,491)
At reporting date	<u>62,437,722</u>	<u>36,849,491</u>

VENUS METALS CORPORATION LIMITED

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Note 7: Share based payments

Employee Share Option Plan (ESOP)

On 15 March 2007 the Group established a share option program that entitled key management personnel to purchase shares in the Group. In accordance with this program, holders of vested options are entitled to purchase shares at a pre-determined price. Options granted carry no dividend or voting rights. When exercisable, each option is converted into one ordinary share of the Group with full dividend and voting rights.

Options were issued to Directors and Consultants outside of the ESOP.

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.

On 28 November 2016 shareholders approved to issue 3,000,000 unlisted options at an issue price of \$0.001 per option (each option having an exercise price of \$0.25 and an expiry date of 30 November 2019) to the Directors (or their nominees) as set out below:

Director/Nominee	Number of Options
Timothy Hogan, Matthew Hogan and Paul Hogan as trustees for the Hogan Employee Super Fund (Matthew Hogan's nominee)	1,500,000 (750,000 vested on 31/12/2016 and 750,000 vested on 31/12/2017)
Terence Hogan, or his nominee(s)	500,000 (250,000 vested on 31/12/2016 and 250,000 vested on 31/12/2017)
Selvakumar Arunachalam, or his nominee(s)	1,000,000 (500,000 vested on 31/12/2016 and 500,000 vested on 31/12/2017)
Total	3,000,000

Note 8: Segment reporting

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 activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

Note 9: Contingent liabilities

Rent and rates commitments in the next 12 months is expected to be approximately \$36,000.

There are no other contingent liabilities that require disclosure.

Note 10: Events subsequent to reporting date

There has not arisen in the interval between the end of the reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Group, to affect significantly the Group's operations, the results of those operations, or the state of affairs of the Group, in future financial periods.

VENUS METALS CORPORATION LIMITED

DIRECTORS' DECLARATION

The Directors of the Group declare that:

1. the condensed financial statements and notes as set out on pages 4 to 11 are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 31 December 2017 and the performance for the half-year ended on that date of the consolidated entity; and
2. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



.....
SELVAKUMAR ARUNACHALAM
Executive Director

Perth, 15 March 2018

15 March 2018

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

Dear Sirs

RE: VENUS METALS CORPORATION LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Venus Metals Corporation Limited.

As Review Director for the review of the financial statements of Venus Metals Corporation Limited for the half year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

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



Martin Michalik
Director

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Venus Metals Corporation Limited, which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Venus Metals Corporation Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Venus Metals Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Venus Metals Corporation Limited on 15 March 2018.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Venus Metals Corporation Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of Matter Regarding Going Concern

We draw attention to Note 1 of the financial report, which describes the matters of Going Concern.

As referred to in Note 1 to the financial statements, the financial statements have been prepared on a going concern basis. At 31 December 2017, the entity had working capital of \$725,111, cash and cash equivalents of \$803,830 and had incurred a loss for the half year amounting to \$766,807.

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

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

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
15 March 2018