

**HALF-YEAR FINANCIAL REPORT**  
**FOR THE HALF-YEAR ENDED**  
**31 DECEMBER 2019**



**VENUS METALS**  
CORPORATION LIMITED

ABN 99 123 250 582

## CORPORATE DIRECTORY

### DIRECTORS

**Peter Charles Hawkins**  
*Non-Executive Chairman*

**Matthew Vernon Hogan**  
*Managing Director*

**Barry Fehlberg**  
*Non-Executive Director*

**Selvakumar Arunachalam**  
*Executive Director*

### COMPANY SECRETARY

**Patrick Tan**

### REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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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

**Automic Group**  
Level 2, 267 St Georges Terrace  
Perth WA 6000  
Tel: 1300 288 664 (Within Australia)  
Tel: +61 (0) 2 9698 5414 (International)

### AUSTRALIAN SECURITIES EXCHANGE

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

### ASX CODE: VMC

### WEBSITE

[www.venusmetals.com.au](http://www.venusmetals.com.au)



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## DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2019.

### DIRECTORS

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

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

Peter Charles Hawkins  
Matthew Vernon Hogan  
Barry Fehlberg  
Selvakumar Arunachalam

### COMPANY SECRETARY

Patrick Tan

### PRINCIPAL ACTIVITIES

The principal activities of the Group during course of the financial period 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 period.

### OPERATING RESULTS

The loss of the Group for the six months to 31 December 2019 amounted to \$1,550,817 (31 December 2018: loss of \$1,160,044).

### REVIEW OF OPERATIONS

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

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

### EVENTS SUBSEQUENT TO REPORTING DATE

On 7 February 2020, the Company agreed to settle all claims against Spectrum Metals Limited (Spectrum) and Zebra Minerals Pty Ltd (Zebra) arising from Zebra's acquisition of Penny West Gold Project by receiving a settlement sum of \$850,000 from the parties. In addition, the Company agreed for a settlement sum of \$150,000 from DJ Carmichael, and former directors of Spectrum, Davide Basio and Paul Adams.

On 18 February 2020, the Company issued 750,000 unlisted options under the Employee Equity Incentive Plan to employees, with an exercise price of \$0.30 and expiry date of 30 November 2022.

On 26 February 2020, the Company entered into a binding sale and purchase agreement with beau Resources Pty Ltd to acquire 100% interest in Penny East tenement E57/1128

for \$30,000 plus GST.

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

### LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half year ended 31 December 2019 as required under Section 307C of the *Corporations Act 2001* is set out on page 15.

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



Matthew Vernon Hogan  
Managing Director  
Perth, Western  
Australia

10 March 2020

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2019

|  | Note | 6 months to<br>31 Dec 2019<br>\$ | 6 months to<br>31 Dec 2018<br>\$ |
|--|------|----------------------------------|----------------------------------|
| Revenue  | 3    | 52,445                           | 371,500                          |
| Administration expense                                       |      | (1,165,704)                      | (788,930)                        |
| Exploration expense  |      | (472,328)                        | (721,208)                        |
| Depreciation and amortisation expense                        |      | (5,426)                          | (3,581)                          |
| Share based expense  |      | (647,281)                        | (9,002)                          |
| Profit on sale of fixed assets                               |      | 13,809                           | 18,457                           |
| Profit / (Loss) on sale of listed investments                |      | 673,668                          | (27,280)                         |
| <b>Loss before income tax</b>                                |      | <b>(1,550,817)</b>               | <b>(1,160,044)</b>               |
| Income tax   |      | -                                | -                                |
| <b>Loss for the half year</b>                                |      | <b>(1,550,817)</b>               | <b>(1,160,044)</b>               |
| Other comprehensive income                                   |      | -                                | -                                |
| Income tax on other comprehensive income                     |      | -                                | -                                |
| <b>Other comprehensive income for the period, net of tax</b> |      | <b>-</b>                         | <b>-</b>                         |
| <b>Total comprehensive loss for the period</b>               |      | <b>(1,550,817)</b>               | <b>(1,160,044)</b>               |
| <b>Net loss attributable to:</b>                             |      |                                  |                                  |
| Owners of the Company  |      | (1,550,817)                      | (1,160,044)                      |
| <b>Net loss for the period</b>                               |      | <b>(1,550,817)</b>               | <b>(1,160,044)</b>               |
| <b>Total comprehensive loss attributable to:</b>             |      |                                  |                                  |
| Owners of the Company  |      | (1,550,817)                      | (1,160,044)                      |
| <b>Total comprehensive loss for the period</b>               |      | <b>(1,550,817)</b>               | <b>(1,160,044)</b>               |
| <b>Earnings per share</b>                                    |      |                                  |                                  |
| Basic loss per share   |      | (0.013)                          | (0.013)                          |
| Diluted loss per share                                       |      | (0.013)                          | (0.013)                          |

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2019

|  | Note | 31 Dec 2019<br>\$ | 30 Jun 2019<br>\$ |
|--|------|-------------------|-------------------|
| <b>ASSETS</b>                                |      |                   |                   |
| <b>CURRENT ASSETS</b>                        |      |                   |                   |
| Cash and cash equivalents                    | 4    | 6,117,647         | 195,809           |
| Trade and other receivables                  | 5    | 124,510           | 98,875            |
| Investments fair value through profit & loss |      | -                 | 840,000           |
| Prepayments                                  |      | 123,993           | 152,356           |
| <b>TOTAL CURRENT ASSETS</b>                  |      | <b>6,366,150</b>  | <b>1,287,040</b>  |
| <b>NON-CURRENT ASSETS</b>                    |      |                   |                   |
| Property, plant and equipment                |      | 101,550           | 75,182            |
| Other current assets                         |      | 330               | -                 |
| Acquisition costs capitalized                | 6    | 4,557,865         | 4,557,865         |
| <b>TOTAL NON-CURRENT ASSETS</b>              |      | <b>4,659,745</b>  | <b>4,633,047</b>  |
| <b>TOTAL ASSETS</b>                          |      | <b>11,025,895</b> | <b>5,920,087</b>  |
| <b>CURRENT LIABILITIES</b>                   |      |                   |                   |
| Trade and other payables                     |      | 578,594           | 1,170,533         |
| Finance lease liability                      |      | -                 | 31,186            |
| Convertible loan                             | 7    | -                 | 408,733           |
| Employee benefits                            |      | 93,028            | 87,069            |
| Other current liabilities                    |      | 105,011           | 20,919            |
| Dividend payable                             |      | -                 | 50,000            |
| <b>TOTAL CURRENT LIABILITIES</b>             |      | <b>776,633</b>    | <b>1,768,440</b>  |
| <b>TOTAL LIABILITIES</b>                     |      | <b>776,633</b>    | <b>1,768,440</b>  |
| <b>NET ASSETS</b>                            |      | <b>10,249,262</b> | <b>4,151,647</b>  |
| <b>EQUITY</b>                                |      |                   |                   |
| Share capital                                | 8    | 33,941,282        | 26,930,105        |
| Reserves                                     | 8    | 4,299,781         | 3,652,000         |
| Convertible loan reserve                     | 7    | -                 | 10,526            |
| Accumulated losses                           |      | (27,991,801)      | (26,440,984)      |
| <b>TOTAL EQUITY</b>                          |      | <b>10,249,262</b> | <b>4,151,647</b>  |

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2019

### Attributable to owners of the Company

|  | Share Capital     | Shares to be issued | Share Options Reserve | Accumulated Losses  | Convertible Loan Reserve | Total Equity       |
|--|-------------------|---------------------|-----------------------|---------------------|--------------------------|--------------------|
|  | \$                | \$                  | \$                    | \$                  | \$                       | \$                 |
| <b>As at 1 July 2019</b>                       | <b>26,930,105</b> | <b>-</b>            | <b>3,652,000</b>      | <b>(26,440,984)</b> | <b>10,526</b>            | <b>4,151,647</b>   |
| <b>Total comprehensive loss for the period</b> |                   |                     |                       |                     |                          |                    |
| Loss for the period                            | -                 | -                   | -                     | (1,550,817)         | -                        | (1,550,817)        |
| <b>Total comprehensive loss for the period</b> | <b>-</b>          | <b>-</b>            | <b>-</b>              | <b>(1,550,817)</b>  | <b>-</b>                 | <b>(1,550,817)</b> |

### 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 | -                 | -        | 647,281          | -                   | -        | 647,281           |
| Option fees received                     | -                 | -        | 500              | -                   | -        | 500               |
| Advance from a shareholder               | 309,678           | -        | -                | -                   | -        | 309,678           |
| Conversion of convertible loan           | -                 | -        | -                | -                   | (10,526) | (10,526)          |
| Transaction costs                        | (867,967)         | -        | -                | -                   | -        | (867,967)         |
| <b>Balance at 31 Dec 2019</b>            | <b>33,941,282</b> | <b>-</b> | <b>4,299,781</b> | <b>(27,991,801)</b> | <b>-</b> | <b>10,249,262</b> |

|  | Share Capital     | Shares to be issued | Share Options Reserve | Accumulated Losses  | Convertible Loan Reserve | Total Equity       |
|--|-------------------|---------------------|-----------------------|---------------------|--------------------------|--------------------|
|  | \$                | \$                  | \$                    | \$                  | \$                       | \$                 |
| <b>As at 1 July 2018</b>                       | <b>22,857,323</b> | <b>192,000</b>      | <b>3,561,204</b>      | <b>(24,194,503)</b> | <b>-</b>                 | <b>2,416,024</b>   |
| <b>Total comprehensive loss for the period</b> |                   |                     |                       |                     |                          |                    |
| Loss for the period                            | -                 | -                   | -                     | (1,160,044)         | -                        | (1,160,044)        |
| <b>Total comprehensive loss for the period</b> | <b>-</b>          | <b>-</b>            | <b>-</b>              | <b>(1,160,044)</b>  | <b>-</b>                 | <b>(1,160,044)</b> |

### Transactions with owners recorded directly into equity

#### Contributions by and distributions to owners

|  |                   |           |                  |                     |               |                  |
|--|-------------------|-----------|------------------|---------------------|---------------|------------------|
| Issue of ordinary shares                 | 192,000           | (192,000) | -                | -                   | -             | -                |
| Issue of options as share based payments | -                 | -         | 9,327            | -                   | -             | 9,327            |
| Issue of convertible loan                | -                 | -         | -                | -                   | 10,526        | 10,526           |
| Transaction costs                        | (2,379)           | -         | -                | -                   | -             | (2,379)          |
| <b>Balance at 31 Dec 2018</b>            | <b>23,046,944</b> | <b>-</b>  | <b>3,570,531</b> | <b>(25,354,547)</b> | <b>10,526</b> | <b>1,273,454</b> |

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the half-year ended 31 December 2019

|  | Note | 6 months to<br>31 Dec 2019<br>\$ | 6 months to<br>31 Dec 2018<br>\$ |
|--|------|----------------------------------|----------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                  |      |                                  |                                  |
| Interest received  |      | 899                              | 1,500                            |
| Cash paid to suppliers and employees                         |      | (1,661,329)                      | (455,590)                        |
| Exploration expenditure (net of JV cash calls)               |      | (263,644)                        | (754,153)                        |
| Other income   |      | 1,546                            | -                                |
| Option fees received   |      | 50,000                           | 250,000                          |
| <b>Net cash flows (used) in operating activities</b>         |      | <b>(1,872,528)</b>               | <b>(958,243)</b>                 |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                  |      |                                  |                                  |
| Acquisition of plant and equipment                           |      | (34,647)                         | (4,919)                          |
| Acquisition of listed investment                             |      | (484,330)                        | -                                |
| Acquisition of tenements                                     |      | -                                | (50,000)                         |
| Proceeds from sale of fixed assets                           |      | 14,103                           | 750                              |
| Proceeds from sale of listed investment                      |      | 1,997,668                        | 92,720                           |
| <b>Net cash flows generated from investing activities</b>    |      | <b>1,492,794</b>                 | <b>38,551</b>                    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                  |      |                                  |                                  |
| Proceeds from issues of shares (net of costs)                |      | 6,301,497                        | (2,379)                          |
| Proceeds from convertible loan                               |      | -                                | 400,000                          |
| Proceeds from issue of unlisted options                      |      | 75                               | 325                              |
| <b>Net cash flows used in financing activities</b>           |      | <b>6,301,572</b>                 | <b>397,946</b>                   |
| <b>Net increase /(decrease) in cash and cash equivalents</b> |      | <b>5,921,838</b>                 | <b>(521,746)</b>                 |
| Cash and cash equivalents at beginning of financial period   |      | 195,809                          | 863,699                          |
| <b>Cash and cash equivalents at end of financial period</b>  | 4    | <b>6,117,647</b>                 | <b>341,953</b>                   |

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



## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

### Note 1 Reporting entity

Venus Metals Corporation Limited (the "Company") is a company domiciled in Australia. The Company's registered address is Level M, 28 The Esplanade, Perth, WA 6000. The consolidated financial statements of the Group as at and for the half-year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group Entities") and the Group's jointly controlled entities. The Group is a for-profit entity and primarily is involved in exploration for vanadium, cobalt-nickel, gold and lithium.

The half-year financial report of the Group for the half-year ended 31 December 2019 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](http://www.venusmetals.com.au).

The consolidated financial statements were authorised for issue by the Board of Directors on 10 March 2020.

### Note 2 Summaries of significant accounting policies

#### (a) Statement of Compliance

The half-year financial report is a general purpose interim financial report prepared in accordance with *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with annual financial report for the financial year ended 30 June 2019.

#### (b) Basis of Preparation

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

It is recommended that the half-year financial statements be read in conjunction with the annual report for the year ended 30 June 2019 and considered with any public announcements made by the Group during the half-year ended 31 December 2019 in accordance with continuous disclosure obligations of the ASX Listing Rules.

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

The accounting policies applied by the Group in these financial statements are consistent with those applied by the Group in its annual financial report for the year ended 30 June 2019, except for as stated in Note 2 (d).

#### (c) Going concern

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

For the half year ended 31 December 2019 the Group incurred a loss of \$1,550,817 (31 December 2018: loss \$1,160,044) and had working capital surplus of \$5,589,517 (30 June 2019: deficit of \$481,400). Based upon the Group's existing cash resources and short-term investments available for sale of \$6,117,647 (30 June 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 31 December 2019 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.

#### (d) 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, except for those as described in Note 2(f) below.

## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

### Note 2 Summaries of significant accounting policies (continued)

#### (e) New and Amended 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 Standard:

- AASB 16: *Leases*

The impact of the adoption of this Standard and the respective accounting policies is disclosed in Note 2 (f) below.

#### (f) Changes in Accounting Policies

This note describes the nature and effect of the adoption of AASB 16: *Leases* 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. However, the Group has adopted AASB 16: *Leases* retrospectively with the cumulative effect of initially applying AASB 16 recognised as at 1 July 2019.

##### i. 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 assets 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.

## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

### (f) Changes in Accounting Policies (continued)

#### ii. Initial Application of AASB 16: Leases

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.

### Note 3 Revenue

|                                    | 6 months to<br>31 Dec 2019 | 6 months to<br>31 Dec 2018 |
|------------------------------------|----------------------------|----------------------------|
|                                    | \$                         | \$                         |
| Interest income                    | 899                        | 1,500                      |
| Others                             | 1,546                      | -                          |
| Option fee received <sup>(1)</sup> | 50,000                     | 370,000                    |
|                                    | <b>52,445</b>              | <b>371,500</b>             |

<sup>(1)</sup> Option fee relating to sale of tenement E09/2156 to Ascan Capital Pty Ltd.

### Note 4 Cash and cash equivalents

|                          | 31 Dec 2019      | 30 Jun 2019    |
|--------------------------|------------------|----------------|
|                          | \$               | \$             |
| Cash at bank and on hand | 6,117,647        | 195,809        |
|                          | <b>6,117,647</b> | <b>195,809</b> |

### Note 5 Trade and other receivables

|  | 31 Dec 2019    | 30 Jun 2019   |
|--|----------------|---------------|
|  | \$             | \$            |
| Receivables from joint venture partner | 17,516         | 15,152        |
| Other receivables                      | 106,994        | 83,723        |
|  | <b>124,510</b> | <b>98,875</b> |

### Note 6 Capitalised acquisition costs

|  | 31 Dec 2019        | 30 Jun 2019        |
|--|--------------------|--------------------|
|  | \$                 | \$                 |
| <b>Cost</b>  |                    |                    |
| Opening balance                                    | 6,687,460          | 1,573,770          |
| Additions  | -                  | 854,500            |
| Excess of consideration paid on net asset acquired | -                  | 4,259,190          |
| Closing balance                                    | <b>6,687,460</b>   | <b>6,687,460</b>   |
| <b>Impairment</b>                                  |                    |                    |
| Opening balance                                    | (2,129,595)        | -                  |
| Impairment   | -                  | (2,129,595)        |
| Closing balance                                    | <b>(2,129,595)</b> | <b>(2,129,595)</b> |
| <b>Carrying amounts</b>                            | <b>4,557,865</b>   | <b>4,557,865</b>   |

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.

## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

### Note 7 Convertible loan

|                                     | 31 Dec 2019 | 30 Jun 2019    |
|-------------------------------------|-------------|----------------|
|                                     | \$          | \$             |
| Balance at the beginning of period  | 408,733     | -              |
| Placement of notes                  | -           | 400,000        |
| Repayment <sup>(1)</sup>            | (400,000)   | -              |
| Adjustment to equity                | -           | (10,526)       |
| Unwinding of financial costs        | (8,733)     | 19,259         |
| <b>Balance at the end of period</b> | <b>-</b>    | <b>408,733</b> |

|   | 31 Dec 2019 | 30 Jun 2019 |
|---|-------------|-------------|
|   | \$          | \$          |
| Convertible loan reserve <sup>(1)</sup> | -           | 10,526      |

<sup>(1)</sup> The convertible loan was fully repaid by issuing 1 million fully paid ordinary shares on 26 November 2019 and 1 million fully paid ordinary shares 2 December 2019, and accrued interest by cash payment.

### Note 8 Capital and reserves

#### Share capital

|  | 31 Dec 2019 | 30 Jun 2019 |
|--|-------------|-------------|
|  | \$          | \$          |
| (a) 151,078,683 (30 June 2019: 113,231,358) fully paid ordinary shares | 33,941,282  | 26,930,105  |

|  | 31 Dec 2019        | 30 Jun 2019        | 31 Dec 2019       | 30 Jun 2019       |
|--|--------------------|--------------------|-------------------|-------------------|
|  | No.                | No.                | \$                | \$                |
| At the beginning of reporting period/year  | 113,231,358        | 85,581,359         | 26,930,105        | 22,857,323        |
| Issued during the period                   | 37,847,325         | 27,649,999         | 7,569,466         | 4,120,500         |
| Advance from a shareholder                 | -                  | -                  | 309,678           | -                 |
| Share issue costs                          | -                  | -                  | (867,967)         | (47,718)          |
| <b>At the end of reporting period/year</b> | <b>151,078,683</b> | <b>113,231,358</b> | <b>33,941,282</b> | <b>26,930,105</b> |

#### Ordinary shares

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

#### Reserves – Share Option Reserve

|  | 31 Dec 2019      | 30 Jun 2019      |
|--|------------------|------------------|
|  | \$               | \$               |
| At the beginning of reporting period/year  | 3,652,000        | 3,561,204        |
| Share-based payment transactions           | 647,281          | 90,471           |
| Option fee received                        | 500              | 325              |
| <b>At the end of reporting period/year</b> | <b>4,299,781</b> | <b>3,652,000</b> |

## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

### Note 8 Capital and reserves (continued)

|   | 31 Dec 2019      | 30 Jun 2019       |
|---|------------------|-------------------|
| <b>Options</b>                            |                  |                   |
|   | <b>No.</b>       | <b>No.</b>        |
| At the beginning of reporting period/year | 65,687,722       | 62,437,722        |
| Issued during the period                  | 5,000,000        | 3,250,000         |
| Exercised during the period               | (29,847,325)     | -                 |
| Lapsed during the period                  | (32,590,397)     | -                 |
| At the end of reporting period/year       | <b>8,250,000</b> | <b>65,687,722</b> |

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

### Note 9 Share-based payment arrangements

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         |
| <b>Total</b>   | <b>5,000,000</b>  |

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                    |
| <b>Total</b>   | <b>7,500,000</b>             |

The Director 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 Company'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 Company 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 Company participates in. For the avoidance of doubt, the mineral resources may be distributed over multiple pits.

## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

### Note 9 Share-based payment arrangements (continued)

- 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   | n/a            | 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 Company does not think each of the non-market based performance condition will be met. Therefore, no value of the Performance Rights is estimated and provided.

### Note 10 Operating segments

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

### Note 11 Subsequent events

On 7 February 2020, the Company agreed to settle all claims against Spectrum Metals Limited (Spectrum) and Zebra Minerals Pty Ltd (Zebra) arising from Zebra's acquisition of Penny West Gold Project by receiving a settlement sum of \$850,000 from the parties. In addition, the Company agreed to a settlement sum of \$150,000 from DJ Carmichael, and former directors of Spectrum, Davide Basio and Paul Adams.

On 18 February 2020, the Company issued 750,000 unlisted options under the Employee Equity Incentive Plan to employees, with an exercise price of \$0.30 and expiry date of 30 November 2022.

On 26 February 2020, the Company entered into a binding sale and purchase agreement with Beau Resources Pty Ltd to acquire 100% interest in Penny East tenement E57/1128 for \$30,000 plus GST.

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

## DIRECTORS' DECLARATION

1. In the opinion of the Directors of Venus Metals Corporation Limited (the "Company"):
  - (a) The condensed financial statements and notes are in accordance with the *Corporations Act 2001*, including:
    - (i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance, for the half-year ended on that date, and
    - (ii) Complying with Australian Accounting Standards AASB 134: *Interim Financial Reporting* and the *Corporations Act 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 295(5)(a) of the *Corporations Act 2001* from the Managing Director for the half-year ended 31 December 2019.

Signed in accordance with a resolution of the Directors.



Matthew Vernon Hogan  
Managing Director

Perth, Western Australia  
10 March 2020

10 March 2020

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 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

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



**Samir R Tirodkar**  
**Director**



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

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Venus Metals Corporation Limited, which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Venus Metals Corporation Limited (the consolidated entity). The consolidated entity comprises both Venus Metals Corporation Limited (the Company) and the entities it controlled during the half year.

*Directors' Responsibility for the Half-Year Financial Report*

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

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 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*

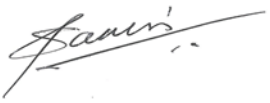
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Venus Metals Corporation Limited on 10 March 2020.

*Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

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

*Stantons International Audit and Consulting Pty Ltd*  


**Sam Tirodkar**  
**Director**

West Perth, Western Australia  
10 March 2020

**VENUS METALS CORPORATION LIMITED** | HALF-YEAR REPORT 31 DEC 2019