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ARGYLE SMOKE CREEK ALLUVIAL DIAMOND PROJECT

JORC INFERRED DIAMOND RESOURCE OF FIVE MILLION CARATS

GRANTING OF NINE PROSPECTING LICENCES COVERING MINING LEASES PREVIOUSLY HELD BY ARGYLE DIAMOND MINES LIMITED A SUBSIDIARY OF RIO TINTO LIMITED

Venus Metals Corporation Limited ("Venus") is extremely pleased to advise that nine Prospecting Licences covering parts of Smoke Creek have been granted (Figure 1). A further thirteen prospecting licence applications are pending. The 1979 discovery of alluvial diamonds in Smoke Creek led to the discovery of the world-class Argyle diamond deposit. Prior to mining operations commencing at Argyle in 1985, Argyle Diamond Mines (ADM) mined parts of Smoke Creek.

Venus commissioned geological consultants Widenbar and Associates to produce a preliminary resource estimate for the Smoke Creek alluvial diamond project, which lies adjacent to the primary deposit which hosts Argyle's current mine.

The project area subject to resource modelling (9 granted Prospecting Licences) which cover previous ADM Mining Leases held in Smoke Creek where ADM carried out reconnaissance bulk sampling programmes for diamonds in the 1980s and 1990s.

The resource estimate is based on the ADM-mapped extent of "C Terrace Gravels", and the published results of ADM's reconnaissance bulk sampling. The document produced by ADM at surrender of the Mining Leases is very comprehensive in describing sampling methodologies and it is considered that the data is valid and usable for resource estimation. The Resource Estimate has been classified in the Inferred category as defined by the 2004 edition of the JORC code. Widenbar Associates has reviewed the drilling, sampling and assaying data used in the estimate and considers it to be of sufficient quality to support the resource classification applied.

The Inferred Resource has been estimated at 17.9 Mt at an average grade of 28 CPHT for 5,000,000 carats, using a cut-off of 10 CPHT.

ADM reconnaissance gravel bulk sampling diamond grade results record the presence of diamonds within all the bulk samples taken within the Venus ground (sample size was typically around 30 tonnes). The highest grade ADM diamond result was from bulk sample SC24-6 which returned a result of 200 carats/ hundred tonnes (CPHT) from the sample depth interval 5-6 metres. Other encouraging results include bulk sample SC22-1 which returned a diamond grade result of 186 CPHT from surface to one metre depth.

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Argyle Diamonds Ltd has operated its Argyle diamond mine in WA since 1985 although it had commenced alluvial diamond mining at nearby Smoke Creek in 1983. Argyle was the largest diamond mine in the world for many years, peaking at approximately 42.8m.carats in 1994. Argyle Diamonds operated an alluvial mine in Smoke Creek for many years, supplementing the hard rock AK1 production with the alluvial product which had a better quality distribution.

The Venus Smoke Creek Alluvial Diamond Project contains the same diamondiferous gravels to those already mined by Argyle in Smoke Creek.

Reference is made to a recent Rio Tinto press release (July 5, 2010) regarding a new publication "Rare and Collectable" which focuses on the unique market position occupied by the rare Argyle pink diamonds.

According to Tom Albanese, Chief Executive Officer of Rio Tinto:

"Thirty years ago there were very few people who believed Australia could hold the secret of diamonds – even fewer could foresee the discovery of the rarest of all diamonds – the Argyle pink diamond."

The release further stated that "....with only a decade of remaining mine life at Argyle, these rare pink diamonds are becoming rarer".

A further Rio Tinto press release (September 14, 2010) states that

"Rio Tinto's Argyle Diamond Mine in remote Western Australia produces virtually the entire supply of the world's pink diamonds". Also - "Pink diamonds are among the most intriguing and highly valued gems in the world both because of their richness, colour and rarity".

Venus' Argyle Smoke Creek Alluvial Diamond Deposit potentially provides a new source of genuine, Kimberley Process compliant, issue-free Australian diamonds including the rare pinks.

Venus plans to extract diamonds as soon as possible to establish quality and value distributions.



References:

ADM Final Surrender Report, 2008. Lower Smoke Creek Alluvial Deposits Mining Leases M80/42, M80/43, M80/44 and M80/45, East Kimberley, Western Australia.

Rio Tinto press release July, 2010. New publication highlights the immense appeal of the world's most precious pink diamonds.

Rio Tinto press release September 14, 2010. Iconic Argyle Pink Diamonds Tender is showcased for the first time in China.

Shigley J.E, 2010, The Market for Pink Diamonds. *Chapter 1 Rare and Collectable, published by Rio Tinto.*

Competent Persons Declaration:

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by

Mr Widenbar, who is a Member of the Australasian Institute of Mining and Metallurgy, is a full time employee of Widenbar and Associates and produced the Mineral Resource Estimate based on data and geological information supplied by Venus. Mr Widenbar 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 2004 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Widenbar consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

Mr Barry Fehlberg, who is a Member of the Australasian Institute of Mining and Metallurgy and is a Senior Expert Exploration Advisor of the Company, Mr Fehlberg has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Fehlberg consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

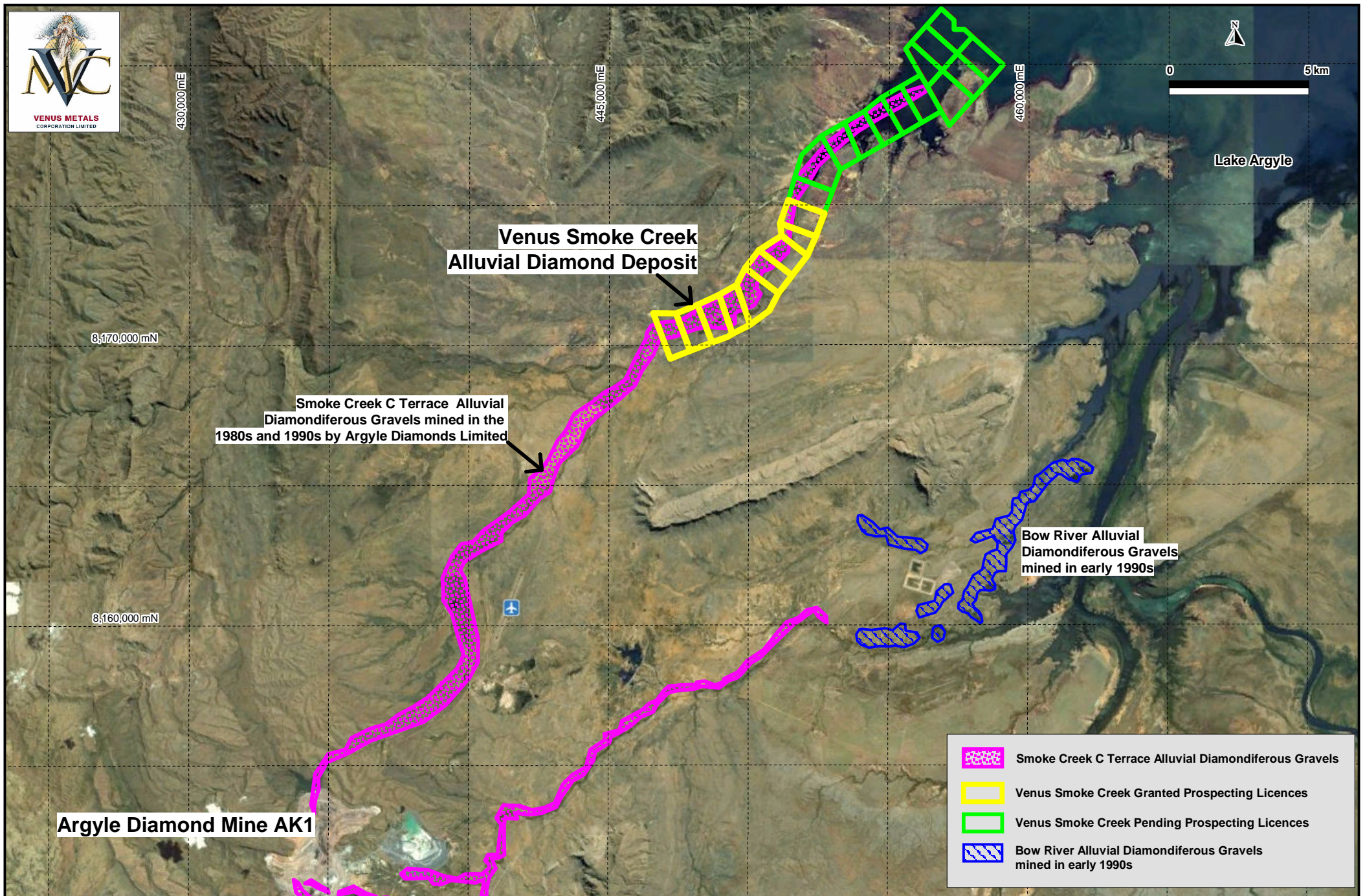


Figure 1. Venus Smoke Creek Alluvial Diamond Project Location Plan