



ASX Release: 16 December 2010

ASX Code: VMC

YALGOO IRON ORE PROJECT BILBERATHA HILL

JORC INFERRED MAGNETITE IRON ORE RESOURCE OF 443.9 MILLION TONNES

The Directors of Venus Metals Corporation Limited ("Venus") are pleased to report a **JORC Compliant Inferred Magnetite Iron Ore Resource of 443.9 Million Tonnes** at Bilberatha Hill, and highly encouraging Metallurgical test results of drill holes YGDD001 and YGDD002.

Table 1. JORC Inferred Magnetite Iron Ore Resource Summary

Material	Fe Cut-off	Tonnes	Fe	Al ₂ O ₃	SiO ₂	P	LOI
Oxide	20	71,100,000	30.51	2.02	48.22	0.042	1.31
Fresh	20	372,800,000	30.24	1.75	47.86	0.048	0.86
Total	20	443,900,000	30.29	1.79	47.91	0.047	0.94

"Venus is very pleased with this robust resource result which has been obtained with the support of Shandong Provincial Bureau of Geology and Minerals in the form of their involvement with the project. Venus looks forward to continue to work with Shandong to develop this project which has the potential to be a major new iron ore project with a long mine life in the heart of the Midwest Iron Ore Province of WA."

Highlights

- JORC Inferred Magnetite Iron Ore Resource of 443.9 Million Tonnes exceeds the Company's previously announced target estimate tonnage range for Bilberatha Hill of: 268MT – 420MT (ASX announcement 21 April 2010).
- The strike length of Bilberatha orebody is approximately 1.6 km, the BIF extends up to 630m below surface vertically (and is still open at depth), and the true thickness varies from 100m to 220m with an average of approximately 170m.
- The Scoping Study on the Yalgoo Iron Ore Project to develop this world class magnetite deposit is progressing.
- Coarse cobbing metallurgical testwork programme has delivered very positive results.
- Rejection of gangue minerals at coarse size by magnetic separation was achievable for samples from YGDD001 and YGDD002.
- Davis Tube Recovery test showed that high grade concentrate can be successfully produced from YGDD002, assaying 70.6% Fe and 1.9% SiO₂.

Please Direct Enquiries to:

Matthew Hogan
Managing Director
Ph: 08 9321 7541

Barry Fehlberg
Senior Expert Exploration Advisor
Ph: 08 9321 7541



Yalgoo Iron Ore Project- Bilberatha Hill

Mid West Iron Ore Province

Venus's Yalgoo Iron Ore project is centrally placed within Western Australia's emerging Mid West Iron Ore Province approximately 80 kilometres north of the world-class Gindalbie Metals Ltd Karara Iron Ore Project. The Yalgoo Iron Ore Project area of 234 km² (Figures 1 and 2) covers Yilgarn Craton Archaean Banded Iron Formation units are comparable to those hosting the Gindalbie Metals Limited/Ansteel Karara Iron Ore Project Magnetite and DSO resources to the south of the project area.

The subject of this resource estimate is the main part of the Bilberatha Hill magnetite BIF deposit within Venus Yalgoo Iron Ore Project.

Venus commissioned geological consultants Widenbar and Associates to produce a preliminary JORC compliant resource estimate for Bilberatha Hill.

Total RC drilling on the Yalgoo Iron Ore Project exceeds 22,300m (130holes) and 2300m of diamond core drilling (9 holes), of which 34 RC holes and 9 diamond holes are in the area of interest (Figure 3) for this resource estimate. There are a total of 18,950 assay intervals, of which 6,642 are used in the resource estimate. In addition there are a limited number of assays available for the nine diamond holes which have been used to confirm the location of the BIF boundaries. There is a comprehensive set of logging data for both RC and diamond holes and all were used to generate domains which would be used to control the resource estimation. Essentially a main BIF domain was interpreted on sections and wireframed to produce a solid model. Bilberatha BIF resource limits and a long section through BIF wireframe are shown in Figures 4 and 5. In addition logging of the weathering was used to generate a Digital Terrain Model (DTM) surface to represent the Oxide/Fresh interface.

The strike length of **Bilberatha orebody is approximately 1.6 km, the BIF extends up to 630m below surface vertically (and is still open at depth)**, and the true thickness varies from 100m to 220m with an average of approximately 170m.

Metallurgical Testing

Recent metallurgical test programme conducted on diamond drill holes YGDD001 and YGDD002 showed fresh magnetite BIF samples can easily be beneficiated. At -4 mm, while it rejected 19% of the feed mass to waste, the loss of iron was negligible. Approximately 94-99% of iron was reported to the magnetic concentrate. **This highly encouraging result is expected to improve the project economics with the reduction in costs for downstream grinding.**

Davis Tube Recovery (DTR) tests conducted on samples from YGDD002 confirmed the production of high grade magnetite concentrate. The concentrates produced from the low sulphur ore zone can be sold as a premium quality direct reduction concentrate.



Table 2. Davis Tube Concentrate of YGDD002

YGDD002											
Master Composite	Hole Depth (m)			Recovery (%)		Calc'd Fe Head Grade (%)	DTR Concentrate Grade (%)				
	Start	End	Difference	Mass	Fe		Fe	SiO ₂	Al ₂ O ₃	P	S
1	140.3	174.3	34.0	44.2	89.1	34.8	70.1	2.7	0.02	0.01	0.01
2	174.3	196.8	22.5	38.6	80.8	33.0	69.0	3.1	0.03	0.01	0.43
3	196.8	210.5	13.7	44.8	88.5	35.8	70.7	2.0	<0.01	0.01	0.02
4	210.5	223.5	13.0	40.9	81.9	34.2	68.5	4.6	0.02	0.02	0.17
5	223.5	358.2	134.8	46.5	92.9	35.6	71.2	1.4	<0.01	0.01	0.03
6	358.2	396.5	37.9	35.3	81.2	30.8	70.7	1.5	0.02	0.01	0.22

On the basis of the iron and silica levels in the DTR concentrates of YGDD002 and YGRC0034 (refer ASX announcement 27 July 2010), **“the quality of the magnetic concentrates produced from Yalgoo Iron Ore project Bilberatha Hill are comparatively higher than many emerging magnetite projects in Australia”**(METS, 2010) (Figures 6-8). Further investigations are currently underway to optimise the grind versus Fe recovery and SiO₂ reduction for the project.

This metallurgical work is being undertaken under the supervision of Mineral Engineering Technical Services (METS) Pty Ltd, an engineering consulting group in Perth. The Scoping Study is due to be completed in early 2011 with plans to progress into a Pre-Feasibility Study.

References:

Lynn Widenbar, 2010 Yalgoo Inferred Resource Estimate December 2010

Mineral Engineering Technical Services Pty Ltd (METS), 2010 Metallurgical test report dated 14 December 2010

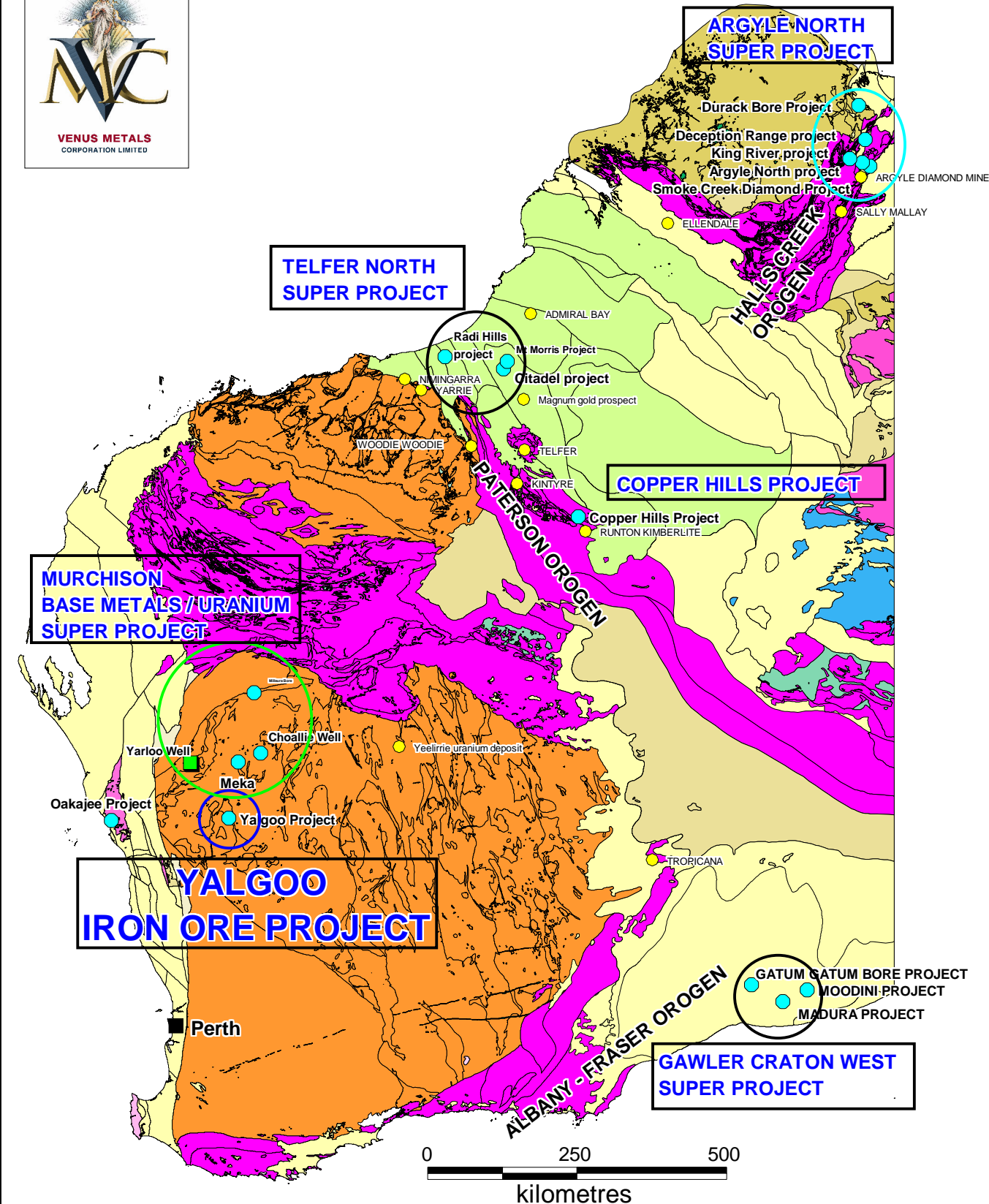
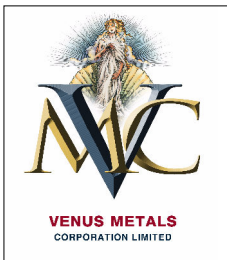


Competent Persons Declaration:

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

Mr Lynn 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.



15/12/10

- | | | |
|--|---|--|
| Proterozoic orogen | IOCG, iron ore, gold projects | Diamond, base metal, gold/uranium projects |
| North Australian Craton | Iron ore, gold and base metal project | Base metals/calcrete uranium projects |
| West Australian Craton | | |
| Venus exploration project | | |
| Mine/mineral occurrence | | |

Figure 1. Location of Venus Metals Yalgoo Iron Ore Project and other exploration projects in Western Australia



YALGOO IRON ORE PROJECT

MID WEST IRON ORE PROVINCE- A MULTI BILLION DOLLAR INVESTMENT REGION

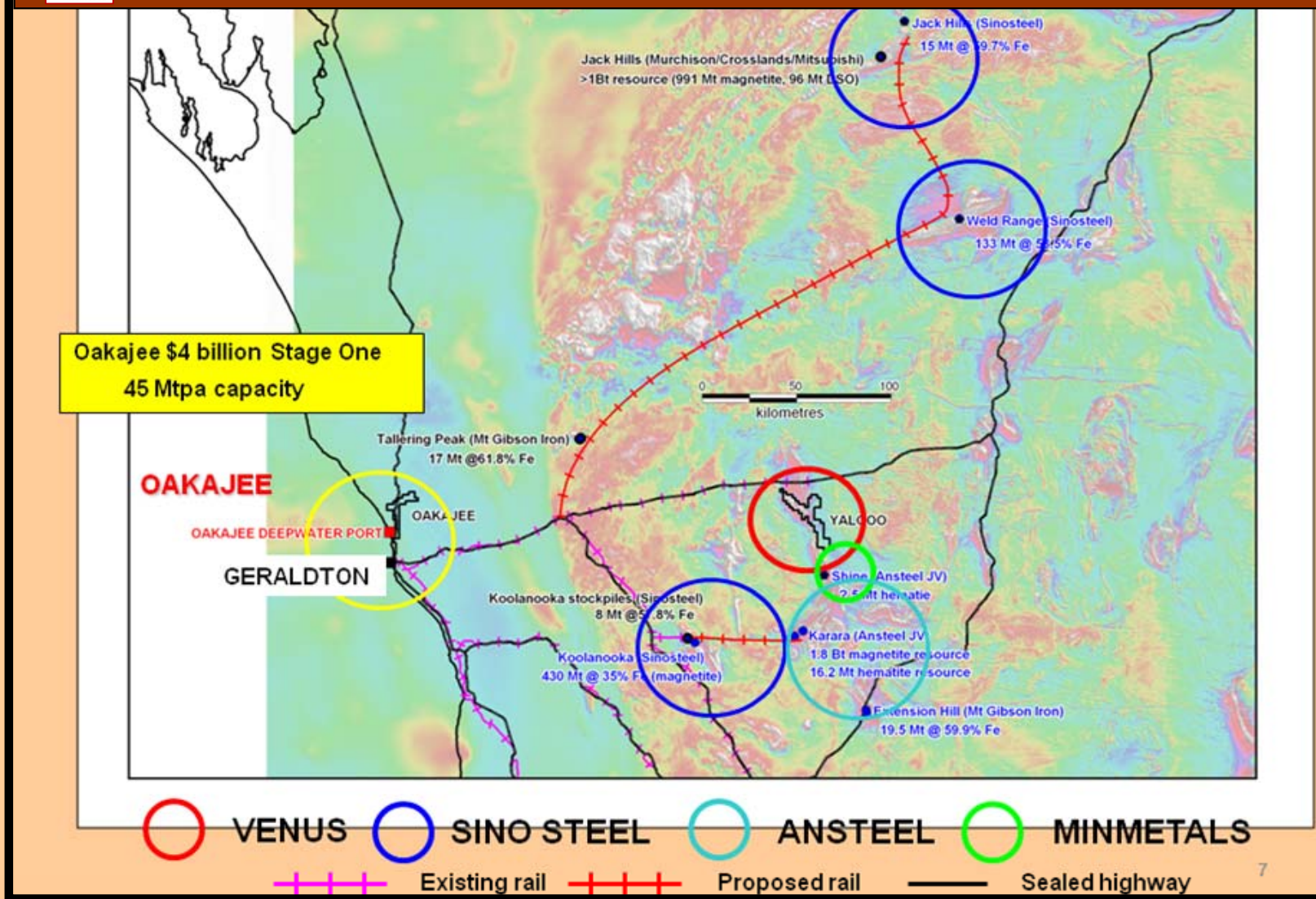
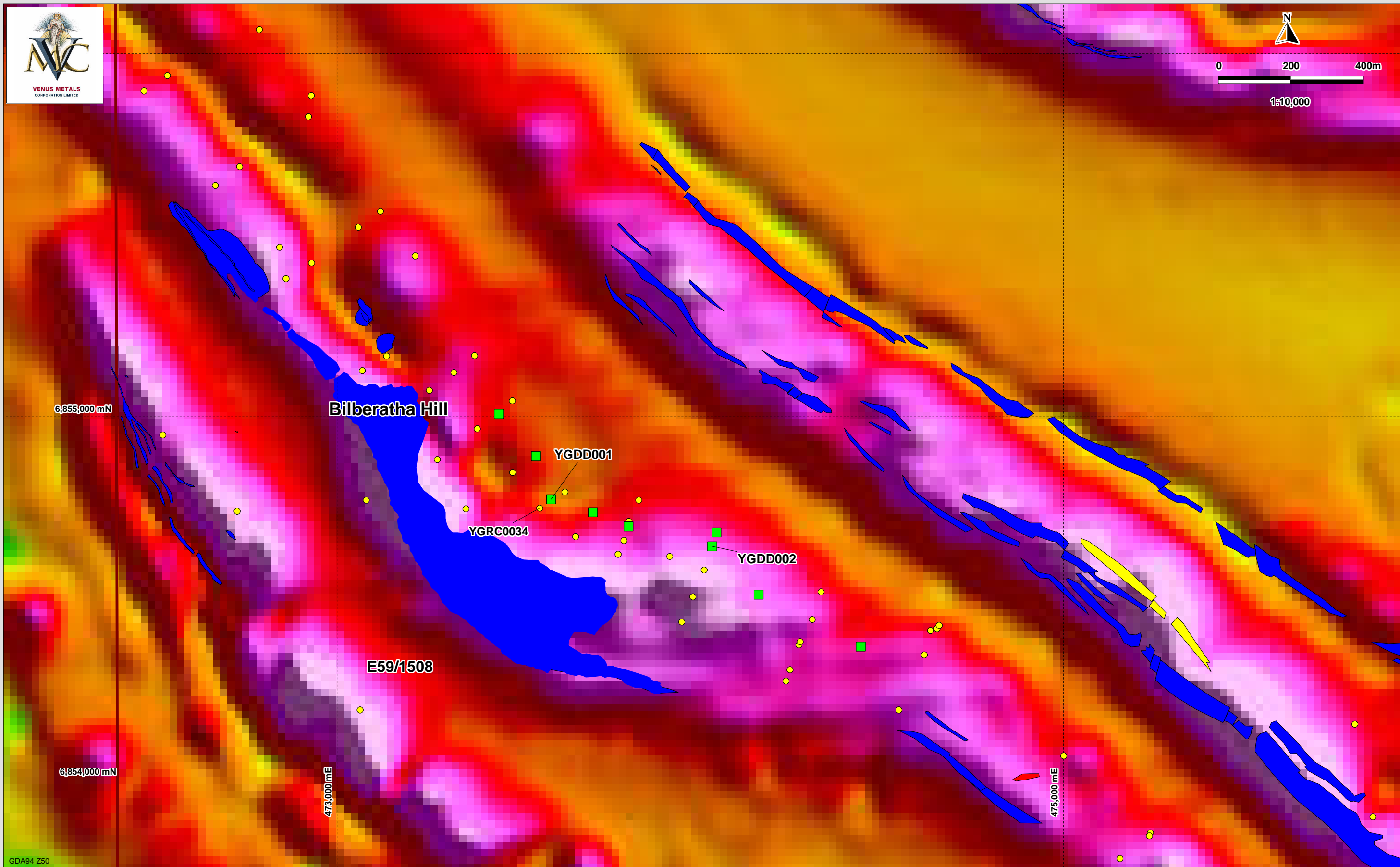


Figure 2. Yalgoo Iron Ore Project and other major Iron Ore Projects in Midwest Iron Ore Province



VMC Yalgoo Iron Ore Project - Bilberatha Hill

- | | |
|--|--|
| ■ Chert outcrop | ● RC holes |
| ■ Goethite/hematite outcrop | ■ Diamond holes |
| ■ BIF outcrop | |

Figure 3. Drillhole location plan on aeromagnetic data

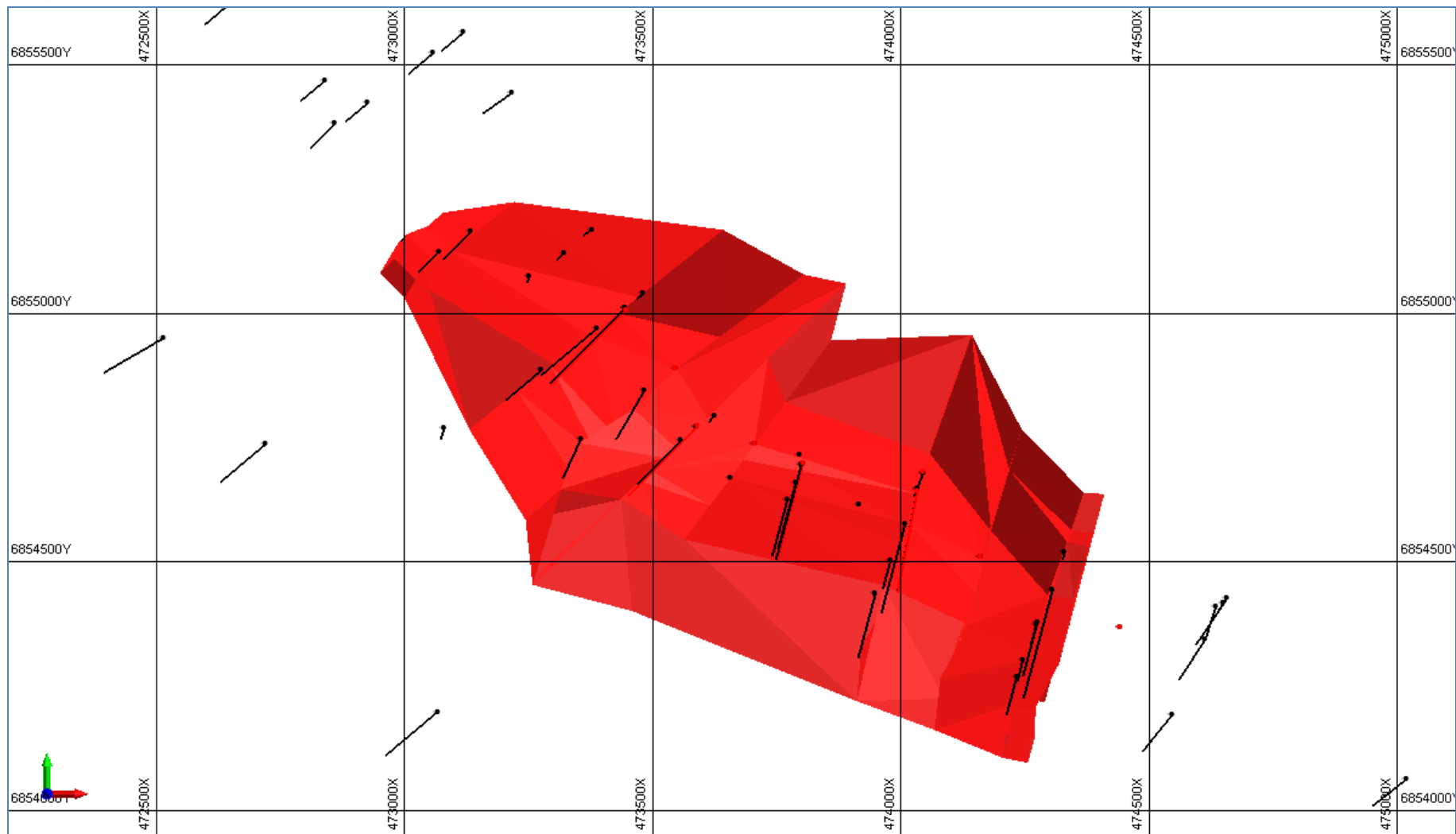


Figure 4. Bilberatha BIF Resource Limits in Plan

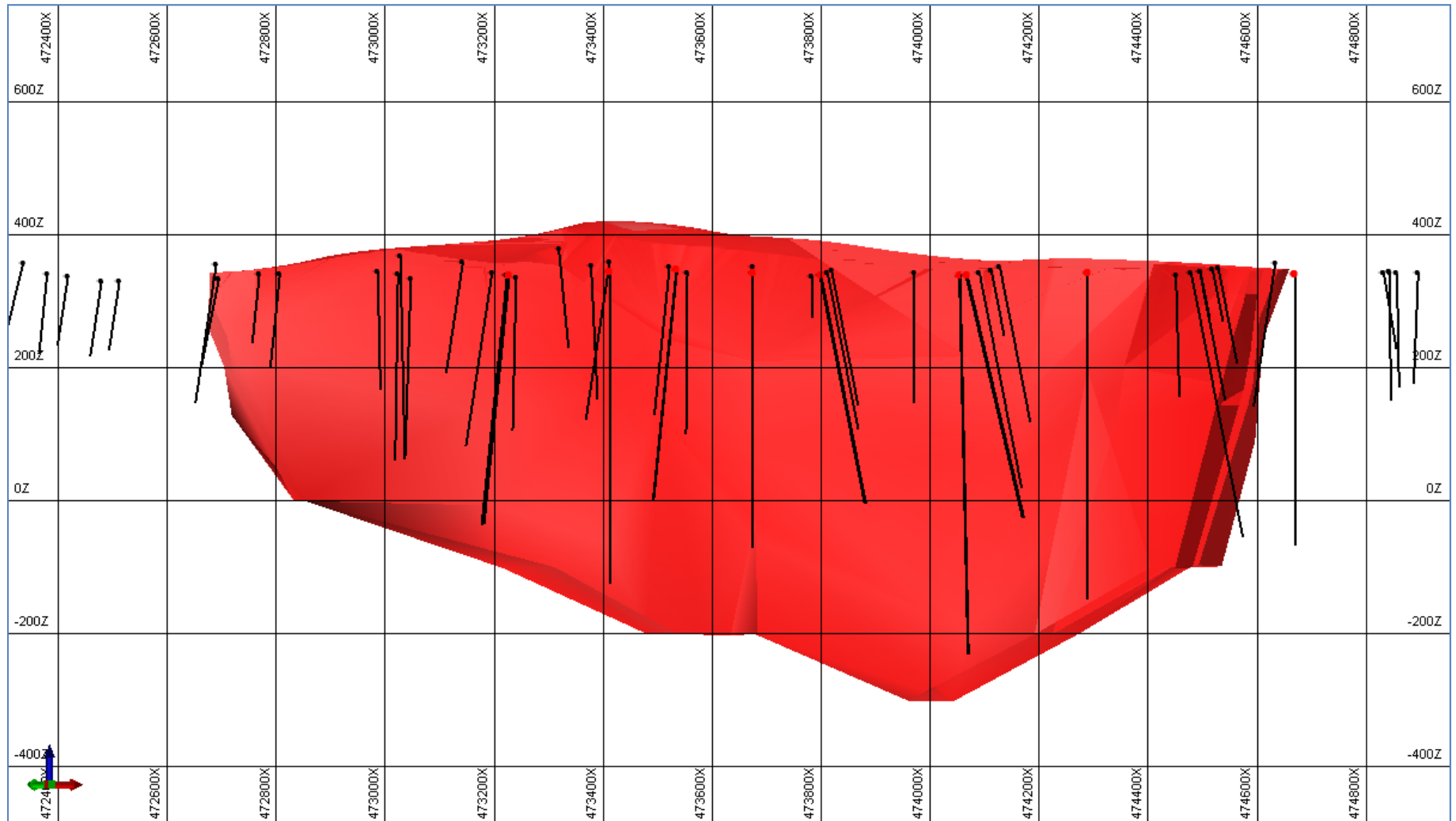


Figure 5. Long Section through Bilberatha BIF wireframe

Figure 6. Australian Magnetite Projects %Fe in DTR Concentrates Vs Grind Size

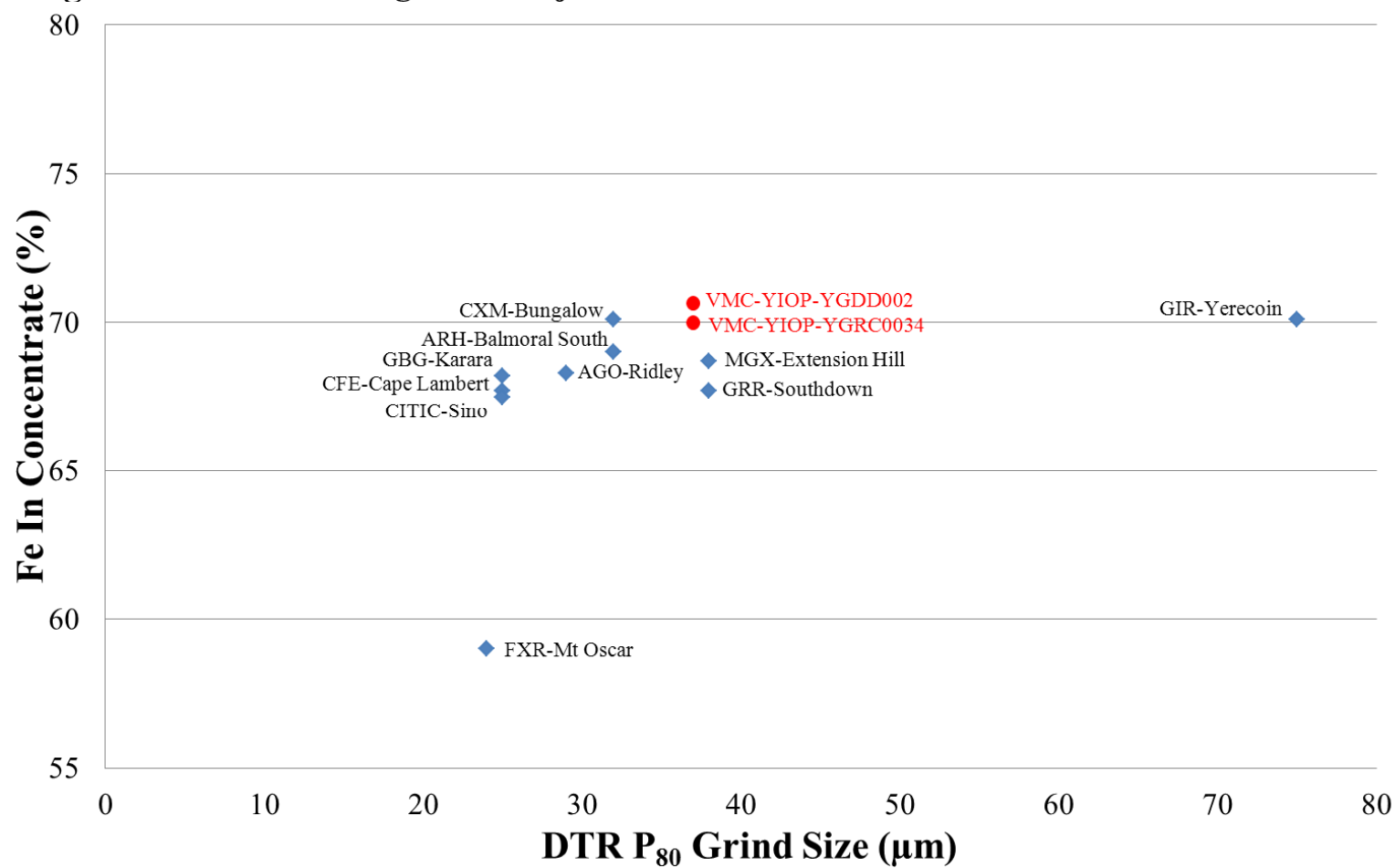


Figure 7. Australian Magnetite Projects %SiO₂ in DTR Concentrates Vs Grind Size

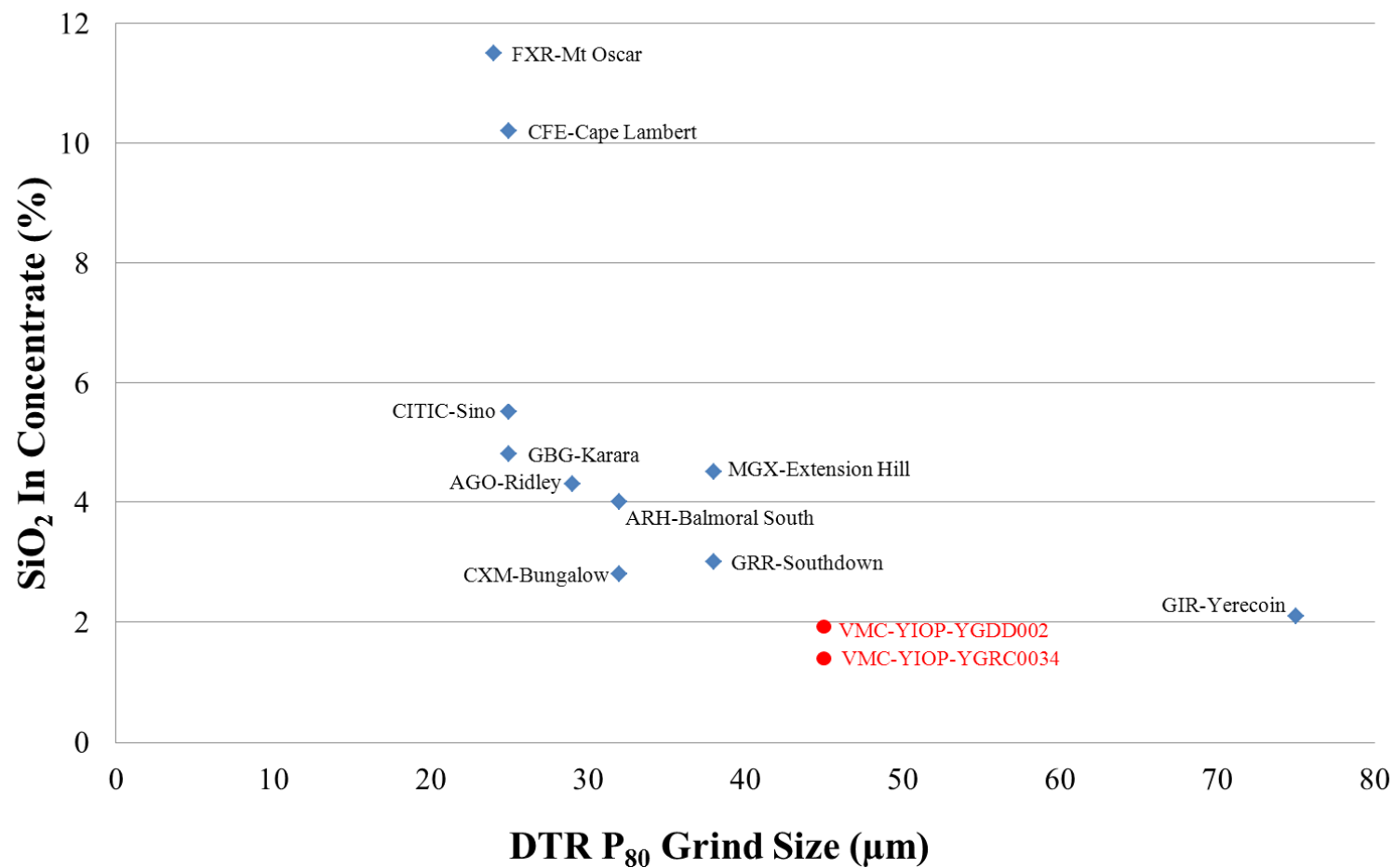


Figure 8. Australian Magnetite Projects %S in DTR Concentrates Vs Grind Size

